



British Broadcasting Corporation

**Television Licence Fee Trust Statement for the
Year Ending 31 March 2024**

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Presented to the House of Commons pursuant to section 2 of the Exchequer and Audit Departments Act 1921 as amended by the Government Resources and Accounts Act 2000.

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A. Performance Report

A1 Foreword by the Director-General

This Licence Fee Trust Statement is prepared to give a true and fair view of the state of affairs relating to the collection of the Television Licence Fee which remains the single largest source of income for the BBC. On average, 85% of UK adults use the BBC each week spending 6 hours and 26 min watching BBC TV/iPlayer. We are grateful that audiences continue to value the BBC and remain committed to paying the licence fee, with 23.9m licences in force at year end.

This year's report shows that during 2023/24 our teams continued to perform well in the face of a media landscape that is transforming faster than ever through accelerating technology change, shifting audience behaviours and global competition. While the licence fee was frozen at £159 until April 2024, pay TV providers have substantially increased prices. An equivalent household bundle to the BBC's offer of premium, advertising-free video, audio, and news media subscriptions is now more than £580 per year. While the majority of UK viewing time is still spent with broadcast TV, the market continues to see a decline as the share of time spent with video-on-demand and video sharing continues to increase. This, combined with slowing household growth, shrinks the addressable market of potentially licensable properties. Despite this, TV Licensing (TVL) has delivered a strong performance with a decline in revenue of only 2%.

Our TVL teams have maintained a high level of customer service this year, demonstrating the relevance and value that the TV licence brings to households and optimising the effectiveness of our operations. In addition, TVL continued to work hard to ensure customers in financial difficulty had the support and guidance needed to stay licensed, making good progress on the action plan arising from our independent review of gender disparity in prosecutions.

The estimated evasion rate for 2023/24 is 11.30% compared to the updated rate of 10.58% in the previous year. This increase is likely to represent a continuation of many factors previously observed by the BBC as contributing to increases in the evasion rate, particularly the increasing number of households with lower levels of licensable content consumed. The majority of licensable households pay for their Licence and TVL remains focussed on proportionate, but fair enforcement against evasion.

The BBC is in the unique and privileged position of being able to forecast its short- and medium-term income with some certainty (2023/24 income was delivered within 0.35% of budget), but we take nothing for granted – our right to exist is based on the value we provide for audiences and the UK, today and in the future. The BBC offers something truly unique, that no other media company would – or indeed can. We continue to deliver this unique audience and societal value, and we look forward to another exceptional year of great programmes and outstanding services.



Tim Davie
Director-General, BBC
10 July 2024

A2 Management Commentary

The Director-General as Accounting Officer of the British Broadcasting Corporation presents the Television Licence Fee Trust Statement (the Trust Statement) for the year ending 31 March 2024.

The Trust Statement shows the revenue receivable from Licence Fee payers which is due to the Consolidated Fund for the year. The BBC is required to produce the Trust Statement in accordance with the Accounts Direction given by HM Treasury and in accordance with Section 2 of the Exchequer and Audit Departments Act 1921 (included on page 36).

The scope of the Trust Statement includes any expenditure deducted from the revenue collected before being passed to the Consolidated Fund. The only expenditure shown in this Trust Statement relates to credit losses. The costs of collecting Licence Fees are funded through the grant paid to the BBC by the Department for Culture, Media & Sport (DCMS). These costs are outside the scope of the Trust Statement accounts and are included in the BBC Group accounts.

A3 Purpose and Activities

A TV licence is required by law to watch or record television programmes live on any channel, paid-for TV service or foreign channel (via satellite or online streaming), or to watch or stream TV programmes live on an online TV service. A licence is also required to watch live and on demand BBC content and live S4C content on BBC iPlayer¹.

The BBC is responsible for issuing TV licences, collecting licence fee revenue and enforcing the licensing system.

The activities for the collection of Licence Fee revenue are managed by the BBC's Licence Fee Unit (the Unit). 'TV Licensing' (TVL) is a trademark of the BBC and is used under licence by companies contracted by the BBC for activities covering:

- customer services, collection, administration and enforcement of the Licence Fee – Capita Business Services Limited
- administration of the Simple Payment Plan – Target Group Limited
- customer communications and fulfilment – RAPP Ltd
- postal services – Communisis UK Limited and Whistl UK Limited (changed December 2023); and
- Retail networks - Over-the-counter services are provided by PayPoint plc in the UK, and by the Post Offices in the Isle of Man and Channel Islands.

TVL collects the income due which is then paid over to the Exchequer's Consolidated Fund, with a matching amount paid back to the BBC in grant income by the DCMS.

The BBC is a public authority in respect of its television licensing functions and retains overall responsibility.

The BBC has comprehensive governance arrangements with its suppliers to ensure that the processes for collecting Licence Fee revenue are consistent with statutory regulations and TVL policies. The BBC aims to offer customers the best options for paying their Licence Fee through a range of schemes and payment channels to enable customers to pay quickly and simply.

¹ Concessions are available funded by the BBC. Anyone aged 75 or over who receives pension credit and/or is resident in a qualifying scheme for accommodation for residential care (ARC) is eligible for a free TV licence. For the Crown Dependencies, equivalent arrangements are in place.

A4 The Collection Environment

Licence Fee revenue is impacted by a number of factors including any change in the value of the licence fee, the rate of household growth, the evasion rate and changes in audience media consumption (changes to the proportion of media consumption requiring a licence).

2023/24 was another challenging year for licence fee collection. Declines in audience live media consumption combined with a slowing of household growth shrink the addressable market (licensable premises).

Change in value of licence fee

The value of the TV licence was frozen and remained £159 during 2023/24. It increased to £169.50 from 1 April 2024.

Household growth

We have estimated household growth for 2023/24 at 0.35%, this is based upon the 2021 ONS census releases published in 2022, the 2022 Scottish Census published in 2023, and household projections from AMA Research, a leading research organisation in the construction industry.

Evasion Rate

The BBC's evasion model estimates the level of evasion from the number of licences in force, the total number of premises and the proportion of those premises which should be licensed. Evasion is estimated to have risen in recent years. Further information on the estimation methodology is given below.

Media consumption

Audiences continue to use various devices as well as television for their viewing experiences. For the majority of households these devices are used to supplement the traditional television set but there are some households where the television set is being substituted for viewing only on other devices. All viewing devices are captured by the regulations and require a licence for live television viewing or for watching or downloading BBC television programmes on BBC iPlayer.

There are pressures to traditional television viewing as a result of digital disruption and the move to on-demand viewing. While on-demand viewing is growing, live television viewing remains the predominant way that the majority of audiences spend most of their time watching. IPTV-only homes (where the TV content is received through an internet connection rather than a traditional broadcast platform) are increasing and watch dramatically less live television. The Broadcasters' Audience Research Board (BARB) provides data on TV households and on households using non-TV devices to watch television. This data is published by BARB each quarter based on its Household Establishment Survey. Adjustments are then made to the overall BARB rate to identify those households that need a licence and to create the television penetration rate (TVP).

The average TVP Rate based upon TV Household data from BARB, is estimated to be 90.19% for 2023/24. This is a decrease of 1.35% on the average annual rate of 91.54% estimated for 2022/23.

A5 Performance Analysis

Financial review

The key financial performance measure is the revenue collected, as required by law, to fund BBC services for audiences.

Gross revenue in the Trust Statement has decreased by 2.5% to £3,785m (2022/23 £3,881m). Gross revenue is the value of licences coming into force in the period. Refunds, revocations and credit losses were down by 11% at £140m (2022/23 £155m).

Net revenue for the Consolidated Fund (made up of the gross revenue plus premiums on quarterly direct debit, less refunds, revocations and credit losses), has declined to £3,660m (2022/23: £3,741m). This is 2.2% lower than the prior year due to the freeze in the fee and the reduction in the volume of licences sold. This was in line with expectation and net revenue was only 0.35% below budget.

Payables have fallen by 1% to £292m (2022/23 £295m). This reflects declining sales volumes offset slightly by the continued shift to the monthly Direct Debit scheme, which comprises the most significant element of the payables balance.

Receivables have decreased by 2% to £447m (2022/23 £455m). This reflects declining sales volumes and a continued switch away from quarterly Direct Debit schemes, which are received in arrears.

Performance measures are centred on customer experience to support the key objective of maximising the long term net licence fee revenue in a way which sustains public support for the licence fee.

These performance measures are embedded in the contractual arrangements of the companies contracted by the BBC. The governance processes surrounding the operation of the contracts and the effectiveness of day-to-day management of work are reviewed regularly. Strong working relationships exist between all of these companies and the BBC as TVL seeks to improve processes for efficiency purposes and to improve the customer experience.

During 2023/24 TVL had to manage a change in print supplier as Communisis UK Limited (a subcontractor of RAPP Ltd) went into administration on 29 December 2023. A comprehensive business continuity plan was activated with minimal impact on customers.

While the environment for collection is challenging, the operational performance of TVL has been effective. Complaints are kept under close review and in 2023/24 were at the lowest level ever at 0.038% of LIF (2022/23 0.04%). Operational performance is monitored from the key Capita performance indicators and was 95% for the year (2022/23 97%). This slight reduction from the prior year reflects two incidents in the final quarter of the year, which have since been resolved, relating to the website and complaints resolution. For the majority of the year performance was at 100%.

Other highlights in 2023/24 include:

- Improvements to customer experience with more self-service available through the website
- Improvements to the service provided to households facing bereavement, blind licence fee payers and the process for concessions around accommodation for residential care (ARC)
- 58.8% of customers have opted for an e-licence reducing paper and postage cost (2022/23 56.6%)
- Development of the specially trained team dedicated to helping people stay licenced and providing referral to debt advisory services and pension credit where relevant
- During 2023/24 Capita have been rebuilding the number of visiting officers which will improve TVL's ability to collect the licence fee.

Sustainability

TVL are reducing carbon emissions to net zero in line with BBC commitments. Quarterly meetings with key suppliers review sustainability plans and activities. The BBC Annual Report and Accounts includes sustainability reporting: <https://www.bbc.com/aboutthebbc/reports/annualreport>.

Sales volumes

Table 1 shows the sales volumes for the last five years excluding licences for ARC². In 2023/24 licences sold were 23,716k, a decrease of 540k from the prior year, in line with forecast. Free licences under the over 75 (O75) policy were 775k, an increase of 16k. The table represents licence fee sales, not the numbers of Licences in Force (LIF). LIF are reported in the BBC's Group Annual Report and Accounts and were 23.9m at year end (2023: 24.4m).

Table 1 – Sales volumes ('000s of licences including O75 free licences) ³



² ARC licences add an additional 258k free O75 licences and 116k concessionary licences in 2023/24.

³ Licence Fee sales in table 1 include the volumes of O75 free licences. 2023/24 - 775k; 2022/23 – 759k; 2021/22 – 765k; 2020/21 - 1,481k; 2019/20 – 4,504k

A6 Licence Fee Evasion

Licence fee evasion is measured as the difference between LIF and the number of licensable places. LIF are identified from the TVL database and the number of licensable places is estimated from statistical sources and bespoke research. Licensable places are made up of households and other non-domestic places requiring a TV Licence.

Estimates are made for the numbers of non-domestic places such as businesses, hotels and student halls of residence. Appropriate estimates of TVP (to identify which place needs a licence) are applied to each to calculate licensable places. The aggregate of all licensable places is compared with the number of licences in force to calculate the evasion percentage.

A key input to calculation of the evasion percentage is the TVP rate which gives the ratio of households that need a licence. As described in the Media Consumption section above, household TVP is calculated using survey evidence from the quarterly BARB Household Establishment Survey. This is a robust survey conducted in both in home and online of c13,000 households every quarter that asks respondents about their TV ownership, viewing device ownership and device usage. The outputs of this survey enable the BBC to calculate a robust estimate of the TVP rate each quarter. The BARB-reported TVP rate is adjusted by the BBC in various ways including accounting for households watching licensable content on non-TV devices, removing households using a TV to watch non-licensable content only, as well as accounting for the differing licensable content consumption levels from IPTV households. The updates provided each quarter take the form of a quarterly view and an annualised view reflecting a rolling 12 month period.

Evasion is calculated as an estimate over the whole fiscal period (an average evasion rate over the 12 months of that year). This provides the best view of the level of evasion throughout the period because it is less subject to variations in the data. As the input data include a level of estimation, the evasion rate is significant at zero decimal places and the error range is estimated to be +/- 0.5%pt although the calculation is performed to two decimal places to provide trend insight.

Since the last evasion rate was published, the BBC has received new information from the Scottish census and updated household growth numbers. Having amended the evasion estimate for this, the evasion rate for 2022/23 is now estimated to be 10.58%.

For 2023/24 the evasion rate is estimated to be 11.30%. This is a 0.72%pt increase on the 2022/23 updated evasion estimate. This increase is likely to represent a continuation of many factors previously observed by the BBC as contributing to increases in the evasion rate, but is particularly affected by the increasing number of households with lower absolute levels of BBC and/or licensable content consumed. TVL communication of the need for a licence and the consequences of evasion are factors in controlling changes in evasion. While the majority of UK viewing time is still spent with broadcast TV, the share of time spent with video-on-demand and video sharing continues to increase. For under 35s, video sharing takes the largest share of their video time (c.45%), and within this, YouTube in particular. However, 85% of UK adults (16+) use the BBC overall on average per week – more than any other brand for media. In terms of TV/iPlayer, on average adults in the UK spend 6 hours and 26 minutes watching BBC TV/iPlayer per week – more than Netflix, Amazon Prime and Disney plus combined.

Households where there is a lack of understanding of the breadth and range of services provided by the BBC, and that the licence fee facilitates access to not just BBC content, but all live TV content may contribute to some segments of the audience placing less value on the licence fee. TVL is addressing this challenge through customer communications to increase awareness of the direct link between the content they enjoy and the licence fee which funds it.

Despite a contraction of the addressable market, the viewing habits of all adults in the UK demonstrate that audiences still derive value from the BBC and spend significant amounts of time consuming its services and content.

A7 Supporting Licence Fee Payers

TV Licensing's primary aim is to help people stay licensed and avoid prosecution – which is always a last resort. We offer a range of concessions and payment schemes which support people who fall into financial difficulty and our visiting officers are specially trained to help vulnerable customers. TVL have introduced a specially trained team of agents, dedicated to helping people stay licensed and providing referral to debt advisory services and pension credit where relevant.

In May 2023 we published our Gender Disparity Review - an independently overseen, expert informed study that sought to understand in detail why women are more likely than men to be prosecuted for licence fee evasion. It found that women are more likely to experience financial hardship than men and it is this, along with a range of societal and behavioural differences, that makes it more likely that women will end up entering the prosecution process.

TVL is committed to doing more to support those in severe financial difficulty and progress has been made on the action plan from the review (reported at <https://www.tvlicensing.co.uk/about/gender-disparity-AB23>). 2023/24 saw increased training for TVL staff and increased support through specialist teams and improved communications. We continue to look for new ways to improve our support to customers with a key focus on getting engagement from individuals once they are in the prosecution process.

We regularly test our procedures for supporting customers and monitor customer satisfaction and complaints for actions we can take to improve our service. We have been working with the Department for Work and Pensions to make the process for application for a BBC-funded O75 licence more streamlined and improvements will be delivered in 2024/25.

In 2023/24 the BBC directly supported licence fee costs in over 1m households (775k free O75 Licences, 258k ARC licences and 116k concessionary licences).



Tim Davie
Director-General, BBC
10 July 2024

B. Accountability Report

B1 Basis for the Preparation of the Trust Statement

The HM Treasury accounts direction (see page 36 of this Trust Statement), issued under Section 2 of the Exchequer and Audit Departments Act 1921, requires the BBC to prepare an annual Trust Statement to give a true and fair view of the state of affairs relating to the collection and settlements of the Television Licence Fee and the revenue, expenditure and cash flows for the financial year. The statement is prepared in compliance with all relevant accounting principles and disclosure requirements in HM Treasury's Financial Reporting Manual (FRoM) for the financial year.

The revenue and associated expenditure contained in this statement are those flows of funds which are handled on behalf of the Consolidated Fund and where the BBC acts as agent rather than as principal. The basis for collection of the licence fee has been confirmed by the Royal Charter until 2027-28. Given this, these accounts are prepared on a going concern basis.

B2 Statement of the Accounting Officer's responsibilities in respect of the Trust Statement

Under the Memorandum of Understanding between the BBC and Home Office dated March 1991, the Director-General has been deemed as Accounting Officer of the BBC with overall responsibility for preparing the Trust Statement for each financial year in the form and on the basis set out in the Accounts Direction.

Under section 2(3) of the Exchequer and Audit Departments Act 1921, the Accounting Officer is responsible for the preparation and submission to the Comptroller and Auditor General of a Trust Statement for the BBC for the financial year 2023/24. In conforming with the Accounts Direction issued by HM Treasury (see page 36 of this Trust Statement), the Trust Statement reports the revenue collected and expenditure in respect of Licence Fees administered by the BBC during the year, together with the net amounts surrendered to the Consolidated Fund.

The Accounting Officer is responsible for issue of licences, maintenance of licence records, collection of Licence Fees, enforcement of the licensing system, payment of Licence Fee revenues into the Consolidated Fund, determination of refund policy and making refunds.

The Trust Statement is prepared on an accruals basis and must give a true and fair view of the state of affairs relating to the collection and settlement of the Television Licence Fee, including a Statement of Revenue and Expenditure, a Statement of Financial Position, and a Statement of Cash Flows. The Trust Statement includes governance statements which set out the governance, risk and control arrangements for the BBC in relation to Licence Fee collection activities.

In preparing the Trust Statement, the Accounting Officer is required to comply with the requirements of the FRoM and in particular to:

- observe the Accounts Direction issued by HM Treasury including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FRoM have been followed and disclose and explain any material departures in the Trust Statement;
- prepare the Trust Statement on a going concern basis; and
- confirm that the Trust Statement as a whole is fair, balanced and understandable and take personal responsibility for the judgements required for determining that it is fair, balanced and understandable.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding Trust Statement assets, are set out in *Managing Public Money* published by the HM Treasury.

As the Accounting Officer I take personal responsibility for the Trust Statement and associated judgements required and confirm that as far as I am aware, the Trust Statement as a whole is fair, balanced and understandable.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Licence Fee Trust Statement auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

B3 Auditors

The Comptroller and Auditor General (C&AG) has a statutory duty under the Exchequer and Audit Departments Act 1921 and the Accounts Direction from HM Treasury to audit this Trust Statement and prepare a report on the collection of the Licence Fee. The C&AG's fee for the audit of the 2023/24 Trust Statement was £194,000 (2022/23 £194,000) which is charged on a notional basis.

As in prior years, the C&AG has provided a report on the collection of the Licence Fee in 2023/24 and also undertaken Value for Money reports on the activities of the BBC to Parliament. These services are funded by Parliament.

No non-audit work was carried out by the auditors.

B4 Governance Statement

The BBC's corporate governance framework is defined in its Charter and the accompanying Framework Agreement. The Charter requires the BBC to have regard to generally accepted principles of good corporate governance and this requirement is discharged by the BBC Group's voluntary application of the 2018 UK Corporate Governance Code where appropriate. The BBC Group Annual Report & Accounts⁴ are audited by the C&AG and includes full disclosure of governance for the BBC Group.

The UK Corporate Governance Code is not relevant to this Trust Statement.

BBC Board

The Board is responsible for ensuring the BBC fulfils its mission and public purposes as set out in the Charter. The Board is responsible for all of the BBC's activities – public service and commercial, within the UK and globally – and makes its decisions in the public interest and in the best interest of licence fee payers. It is also responsible for keeping proper accounting records that are sufficient to show and explain the BBC's transactions and disclose with reasonable accuracy at any time the financial position of the Group.

During 2022/23 the chairman was Richard Sharp. He stepped down from the Board on 27 June 2023 when Elan Closs Stephens took on the role of acting chair until the appointment of Samir Shah who has been chairman from 4 March 2024.

A number of committees support the work of the Board. More detail on both the Board (including declarations of interest) and these committees can be found on the BBC's website: <https://www.bbc.com/aboutthebbc/whoweare/bbcboard/>. Board membership, attendance and the work of the committees is reported in detail in the BBC's Annual Report and Accounts: <https://www.bbc.com/aboutthebbc/reports/annualreport>.

With regard to the Trust Statement, the BBC Charter requires the Board to ensure 'that arrangements for the collection of the licence fee are efficient, appropriate and proportionate. The Board receive regular updates on the collection of licence fee income.

⁴ <https://www.bbc.com/aboutthebbc/reports/annualreport>

Executive Committee

To support and implement the work of the Board, Tim Davie, as Director-General, chairs an Executive Committee, which is responsible for the day-to-day running of the BBC. Kerris Bright is the Chief Customer Officer on the BBC Executive Committee, with Executive responsibility for the Licence Fee Unit and TVL activities.

The Executive Committee meets regularly and oversees key strategic projects and proposals of importance to the whole organisation. It takes regular reports on audience and financial performance, including licence fee revenue and collection, as well as maintaining oversight of pan-BBC policy and operational issues. More detail on the Executive Committee (including declarations of interest) and its membership can be found on the BBC's website: <https://www.bbc.com/aboutthebbc/whoweare/exco/>.

B5 Risk Assessment

The BBC Board is responsible for securing the effective and efficient management of the BBC, which includes safeguarding its assets and achieving value for money by ensuring there is a process in place for managing significant risks to the BBC as well as maintaining an effective system of internal control.

The Audit and Risk Committee (ARC) assists the BBC Board in providing oversight of corporate governance within the BBC, particularly with respect to financial reporting, internal control and risk management. The BBC Board and the BBC ARC, reviews the BBC's principal risks and conducts regular deep dives into specific risk areas in the year. The BBC Executive Committee is responsible for the operational management of the BBC including risk management activities.

The executive is responsible for identifying and managing the risks facing the Licence Fee collection process, and maintaining a risk register, together with mitigations. The key risks which are identified and managed relate to the external factors which affect the size of the licensable population and customers' ability to purchase a licence, risks to the reputation of the BBC and TVL brands which may affect customers' willingness to purchase a licence and risks relating to the relationships and operations of the BBC's key suppliers for the collection of the Licence Fee. Each risk is assigned an owner and scored with a risk rating based on severity and likelihood. There are regular meetings to review the risk register, note any mitigating factors and assign actions where necessary. The BBC uses a top-down and bottom-up approach to ensure that key strategic, operational and compliance risks facing the BBC are identified, assessed and managed appropriately.

Key features of the processes to manage risks include:

- the engagement of specialist functions to oversee the management of certain major areas of risk, such as information security, ensuring appropriate frameworks are in place and effective ownership at a senior level
- the Board receives regular reports and updates on the BBC's risk exposure and mitigation strategies
- audits of the controls over the accounting for receipts from customers
- audits of suppliers' information security controls
- reviews of the risk registers within the BBC department and joint risk registers with suppliers to ensure that risks are documented and that mitigating actions have been completed
- comprehensive monthly, quarterly and annual reporting processes, both within business groups and up to the Board. This includes the system of financial monitoring and reporting to the Board, based on an annual budget, monthly reporting of actual results, regular re-forecasting and analysis of variances and key drivers
- processes to ensure compliance with all applicable laws and regulations
- formal policies and procedures concerning all material business processes, to ensure risks are managed and that timely, relevant and reliable information is available across the business
- processes to ensure that our staff are professional and competent, such as recruitment policies, performance appraisals and training programmes.

The BBC's assessment of principal risks is provided in the BBC's Annual Report and Accounts 2023/24. The system of risk management has been in place for the whole of the year and up to the date of signature of the Trust Statement. Specific control risks for the Trust Statement are considered to be: the operation of outsourced contracts; Data and Information Security; and Fraud. These are discussed below.

Maintaining internal controls with outsourced collection arrangements

The BBC contracts with other companies to provide the majority of the services for collecting the Licence Fee. Each of these organisations has its own internal control responsibilities which are set out in their contracts with the BBC. The Director-General, as Accounting Officer, has ultimate responsibility for ensuring that there is an appropriate level of control over all of the BBC's operations whether performed directly or by other organisations.

The internal control and governance structure is embedded in schedules within the outsourced contracts which relate to the internal controls over the management of funds collected, and to the governance of collection operations and contract management.

The BBC has the right to audit the organisations with substantive responsibility for the collection of customer money. These audits are designed to ensure that the cash which has been transferred to the Consolidated Fund and the number and value of licences issued are complete and accurate and include tests and reports on the internal controls over the main databases which record sales of licences.

Data and information security

TV Licensing core functions encompass the management and maintenance of its address databases and payment details for over 23 million licensed customers.

The BBC is committed to ensuring the security and protection of all personal data it processes and to provide a compliant and consistent approach to data protection and information security. It has processes in place to ensure all data processed as part of its TV Licensing functions is done compliantly and securely.

This includes:

- robust contracts, policies and processes in place with all third party suppliers (and their subcontractors) responsible for the collection of the Licence Fee;
- ensuring suppliers conform with international best practice information security standard ISO27001;
- having procedures to be followed in the event of a security incident; and
- implementing controls and measures to ensure ongoing compliance.

All BBC staff are required to complete mandatory Data Protection and Cyber Security training on a two yearly basis. Licence Fee Unit third party suppliers also provide their staff with data protection and information security training.

The BBC undertakes compliance monitoring of these third parties to provide assurances in relation to contract provisions, policies, procedures, and training; and to make any necessary improvements where required

In March 2023 Capita Group were subject to a cyber incident which led to acceleration of previously planned investment to improve cyber security maturity. Mitigating actions being taken by Capita include a cyber security strategy and compliance assessment framework and a threat intelligence function. Capita has also stepped-up its cyber training and awareness. No licence fee payer personal information was affected by the incident.

During 2023/24 Capita identified an issue where data was being retained beyond the TVL Data Retention Policy. Capita are addressing this with plans in place to remediate all identified issues. Capita continues to drive activity within its supplier base to support the removal of non-compliant data. In 2023/24, there were no ICO reportable data incidents or breaches of data security in relation to the BBC's TV Licensing core functions.

Fraud and whistleblowing

The key suppliers of Licence Fee collection services have fraud policies in place which are reviewed and updated to reflect changes in processes and risks. All suspected incidents of fraud are investigated and reported to the relevant authorities as appropriate.

The BBC's Whistleblowing Policy enables the anonymous reporting of serious allegations of misconduct and malpractice, including in an editorial setting, in an appropriate and effective way. These allegations can encompass criminal allegations, other breaches of the law or other matters that present a risk of serious harm. Reporting routes include directly into the Whistleblowing Team, via the Director of Quality, Risk and Assurance,

though the nominated Senior Non-Executive Director on the BBC Board and also via an external independent third-party provider. In addition to BBC staff, freelancers and contractors throughout the UK and all international bureaux, the policy also covers suppliers, contractors and their staff. Reporting on issues raised through the whistleblowing policy, including outcome data and supplementary action plans is overseen by the BBC Audit and Risk Committee. There were no whistleblowing allegations reported in relation to the BBC's TV Licensing core functions.

Internal control framework

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of controls. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee (which discussed and challenged plans to address supplier issues with the IT upgrade of TVL systems which is behind schedule) and a plan to ensure continuous improvement of the system is in place.

There are no significant un-remediated control issues relating to the collection of the licence fee.



Tim Davie
Director-General, BBC
10 July 2024

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I have audited the financial statements of the Television Licence Fee Trust Statement for the year ended 31 March 2024 under the Exchequer and Audit Departments Act 1921.

The financial statements comprise the:

- Statement of Revenue and Expenditure and Statement of Cash Flows for the year then ended;
- Statement of Financial Position as at 31 March 2024; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of affairs of the collection and settlement of Television Licence Fees as at 31 March 2024 and of the net revenue for the year then ended; and
- have been properly prepared in accordance with Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the BBC in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the Television Licence Fee Trust Statement financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Television Licence Fee Trust Statement's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Television Licence Fee Trust Statement is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Performance and Accountability Reports, but does not include the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Television Licence Fee Trust Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the BBC or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the BBC Television Licence Fee Trust Statement from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921;

- preparing the annual report in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921; and
- assessing the Television Licence Fee Trust Statement's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services reflected in the Television Licence Fee Trust Statement will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Exchequer and Audit Departments Act 1921.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the BBC's accounting policies for the Television Licence Fee Trust Statement.
- inquired of management, BBC's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the BBC's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the BBC's controls relating to the collection and settlement of the television licence fees including the Exchequer and Audit Departments Act 1921, the Communications Act 2003, the Digital Economy Act 2017 and associated regulations, and the 2016 Royal Charter for the Continuance of the British Broadcasting Corporation.
- inquired of management, BBC's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team and the relevant internal specialists, including IT audit specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the BBC for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual manual adjustments, complex transactions, bias in management estimates and licence fee receivables recoverability. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the BBC's framework of authority and other legal and regulatory frameworks in which the BBC operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations over the collection and settlement of Television licence fees. The key laws and regulations I considered in this context included Exchequer and Audit Departments Act 1921, Managing Public Money, the Communications Act 2003, the Digital Economy Act 2017 and associated regulations, and the 2016 Royal Charter for the Continuance of the British Broadcasting Corporation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of any manual adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements. My report under Section 2 of the Exchequer and Audit Departments Act 1921 on the Television Licence Fee Trust Statement can be found on pages 26 to 35.

Gareth Davies
Comptroller and Auditor General

12 July 2024

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Financial Statements

Statement of Revenue and Expenditure for the Year Ended 31 March 2024

	Note	2024 £m	2023 £m
Revenue			
Value of Licences		3,785	3,881
Value of refunds		(41)	(43)
Value of revocations		(41)	(44)
Value of premiums on quarterly direct debit		15	15
Net Revenue		<u>3,718</u>	<u>3,809</u>
Less expenditure			
Credit losses	2.2	(58)	(68)
Net Revenue for the Consolidated Fund		<u>3,660</u>	<u>3,741</u>

There were no recognised gains or losses accounted for outside the above Statement of Revenue and Expenditure. All income is from continuing activities. The notes at pages 21 to 24 form part of this statement.

Statement of Financial Position as at 31 March 2024

	Note	2024 £m	2023 £m
Current Assets			
Receivables	2.1	447	455
Cash held for customers on savings schemes		12	13
Total Assets		<u>459</u>	<u>468</u>
Current Liabilities			
Payables	3	<u>(292)</u>	<u>(295)</u>
Total Net Assets		<u>167</u>	<u>173</u>
Represented by:			
Balance on Consolidated Fund Account as at 31 March	4	<u>167</u>	<u>173</u>

The notes at pages 21 to 24 form part of this statement



Tim Davie
Director-General, BBC
10 July 2024

Statement of Cash Flows for the Year Ended 31 March 2024

	Note	2024 £m	2023 £m
Net cash inflow from operating activities	A	3,665	3,749
Cash paid to the Consolidated Fund	4	(3,666)	(3,749)
Increase / (Decrease) in cash in the period		<u>(1)</u>	<u>0</u>

Notes to the Cash Flow Statement

A: Reconciliation of Net Cash Flow to Movement in Net Funds

Net Revenue for the Consolidated Fund	3,660	3,741
Decrease in Receivables	8	13
Increase in Payables	(3)	(5)
Net Cash Flow from operating activities	<u>3,665</u>	<u>3,749</u>

B: Analysis of Changes in Net Funds (cash held for customers on savings schemes)

Decrease in Cash in this Period	(1)	0
Net Funds at 1st April	13	13
Net Funds at 31st March	<u>12</u>	<u>13</u>

Note that the closing balance of Net funds at 31st March above (£12m) is held at a commercial bank.

The notes on pages 21 to 24 form part of these accounts.

Notes to the Trust Statement

1. Statement of Accounting Policies

1.1 Basis of Accounting

The Trust Statement is prepared in accordance with the accounts direction issued by HM Treasury under section 2(3) of the Exchequer and Audit Departments Act 1921. The Trust Statement is prepared in accordance with the accounting policies detailed below. These have been agreed between the BBC and HM Treasury and have been developed in accordance with the HM Treasury Financial Reporting Manual (FRoM). The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adopted or interpreted for the public sector context.

The income and associated expenditure contained in these statements are those flows of funds which the BBC receives and surrenders on behalf of the Consolidated Fund and where the BBC is acting as agent rather than as principal.

The basis for collection of the licence fee has been confirmed by the Royal Charter until 2027-28. Given this, these accounts are prepared on a going concern basis.

The financial information contained in the statements and in the notes is rounded to the nearest £m.

1.2 Changes in accounting policy and disclosures

Adoption of new and revised accounting standards

The following new and revised standards and Interpretations have been considered for the first time, as they became effective for this financial year:

- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Insurance Contracts (Amendments to IFRS 17)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practical Statement 2)
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

These are not considered relevant to the Trust Statement.

1.3 Accounting Convention

The Trust Statement has been prepared on an accruals basis and in accordance with the historical cost convention.

1.4 Revenue Recognition

Revenue derived from television licences is initially recognised in full as a receivable from the Licence Fee payer at the point the licence comes into force. Revenue is recognised at this point as this is when customers are liable to pay for their licence and when BBC have performed the action of issuing the licence. This is gross revenue. Net revenue for the consolidated fund represents the value collected and expected to be collectable after deducting refunds, revocations and credit losses.

1.5 Licence Fee Evasion

Evasion (the difference between the value of licences that could be collected from all licensable addresses and the value actually collected) is outside the scope of the Trust statement and in compliance with the Accounts Direction given by HM Treasury is not included in the primary statements or notes. The level of evasion in the year is discussed in the management commentary.

1.6 Refunds, Revocations and Cancellations

Refunds are given to customers where they can demonstrate that they have paid for a licence which is no longer required. Revocations and cancellations are the value of licences revoked and outstanding instalment payments written off where a customer has not kept up their instalment payments.

The value of outstanding instalment payments written off is shown as an expense in the Statement of Revenue and Expenditure. Refunds and other cancellations are shown as a reduction in income.

1.7 Licence Fee Receivables

Licence Fee receivables represent:

- The amounts receivable from customers on instalment schemes where a licence has been issued, but the full amount of the fee has not yet been paid.
- Cash in transit that has been collected from customers for licences in force, but has not been transferred to the HM Government bank account managed by the BBC.

1.8 Impairment of Receivables

The Trust Statement is outside the scope of Accounting Standard IFRS 9 Financial Instruments, as the licence fees are taxes rather than trade receivable financial instruments. However, as required by the FRM, the principles of IFRS 9 are applied to licence fee receivables expected credit loss model, for consistency across government.

Licence fee income is recognised in full at the date of issue. If payment is not received within a defined timeframe, the licence is revoked. This action results in a reversal of the previously recognised revenue and any associated debt. For licences paid in instalments, any outstanding amounts are actively pursued through collection letters. In cases where debt remains uncollected, the licence end date is adjusted to reflect the total payments received. This effectively cancels the unrecognised portion of the initial revenue and clears the remaining debt. This impairment value is estimated based on the value of cancellations in the current year and the time taken for licences to be cancelled following non-payment. This year the number of months provided has been increased to reflect pressure on household incomes. The movement in the year on year impairment balances is included with actual prior year debt written off as credit losses in the Statement of Revenue and Expenditure.

1.9 Payables

Licence Fee Payables

Licence Fee payables represent the amounts collected from customers on instalment schemes for licences that have yet to be issued. Once these licenses have been issued, this money will be paid to the Consolidated Fund.

Customer savings

Customer savings represents cash collected from customers on savings cards for payment towards their next licence. The cash balance is shown with a corresponding payable as the money is not due to the Consolidated Fund until the customer's licence is due for renewal. Timing differences in payments can result in differences between the cash and the payable balance.

Cash collected from customers on the closed saving stamp scheme is held by the BBC. Though it cannot now be used to buy a licence, it is repayable to those customers on request. The unreturned balance is included within BBC Group accounts rather than the Trust Statement accounts.

Deferred Income

Cash collected from customers renewing their licences who have paid for their licence in full before the licences come into force is accounted for as deferred income.

2. Receivables

2.1 Amounts due at 31st March

		2024	2023
	Note	£m	£m
Licence fee Receivables		466	477
Cash in transit		14	11
Total before estimated impairments		480	488
Less estimated impairments	2.3	(33)	(33)
		447	455

Receivables represent the amount due from licensees where at 31 March:

- i) demands for payment have been issued but not paid for; or
- ii) where licensees have outstanding instalments.

All debt will be due to the Consolidated Fund when realised.

2.2 Credit losses

		2024	2023
	Note	£m	£m
Debts written off		(58)	(67)
Change in the value of impairments	2.3	0	(1)
		(58)	(68)

Debts are written off when collection activity is formally ceased. These debts are considered to be irrecoverable when all practical means of pursuing the liability have been exhausted.

2.3 Change in the value of impairments

	2024	2023
	£m	£m
Balance as at 1 April	(33)	(32)
Change in estimated value of impairments	0	(1)
Balance as at 31 March	(33)	(33)

Receivables in the statement of financial position are reported after the deduction of the estimated value of impairments. This estimate is based on the value of cancellations in the previous year, as adjusted to reflect the current and future economic environment. The movement in the year on year impairment balances is included with actual prior year debt written off as credit losses in the Statement of Revenue and Expenditure.

3. Payables

	2024	2023
	£m	£m
Licence fee payables	256	257
Customer savings	12	13
Deferred income	24	25
	292	295

No payables fall due after one year.

4. Balance on the Consolidated Fund Account

	2024	2023
	£m	£m
Balance on Consolidated Fund Account at 1 April	173	181
Net Revenue for the Consolidated Fund	3,660	3,741
Less amount paid to the Consolidated Fund	(3,666)	(3,749)
Balance on Consolidated Fund Account at 31 March	167	173

The balance comprises the net value of licence fee Debtors (those paying in arrears for their TV licence) and licence fee Creditors (those paying in advance). The net debtor position relates to customers paying by Quarterly Direct Debit, Over 75s using the Paygo scheme and customers on the Simple Payment Plan.

5. Financial Instruments

On behalf of the Consolidated Fund, the BBC is party to financial instrument arrangements as part of its normal operations. These financial instruments include bank accounts, receivables and payables. IFRS 7, 'Financial Instruments: Disclosures', requires disclosure of the role that financial instruments have had during the year in creating or changing risks an entity faces in the course of its operations. As the BBC is acting as agent on behalf of the Consolidated Fund and surrendering these funds when received, it cannot incur losses through the Trust Statement. Write-offs and impairment charges disclosed in the Revenue and Expenditure Statement reflect the non-recoverability of gross debt since its obligation to surrender financial penalties is limited to the amount it is able to collect in revenue. The BBC, on behalf of the Consolidated Fund, has no requirement to borrow or invest surplus funds. As such, the BBC, in its capacity as agent, is not exposed to the degrees of financial or market risk facing a business entity acting as principal.

6. Related parties

TV Licensing and the BBC have a large number of transactions with related parties. Licences are purchased by the BBC and suppliers involved in collecting the Licence Fee for licensable places which they occupy. BBC directors and staff also purchase Television Licences for their own use. These transactions are not considered to be material.

None of the directors or other related parties has undertaken any material transactions relating to TV Licensing in the year.

7. Events after the Reporting Period

There are no events after the reporting period that materially affect these financial statements.

The Accounting Officer authorised these financial statements for issue on the date the Comptroller and Auditor General reported on the accounts.

Annex 1 – Reconciliation to the BBC’s Group Annual Report Licence Fee Income

	2024 £m	<i>2023</i> <i>£m</i>
Licence fee sales contributing to Consolidated Fund	3,660	3,741
Movement in Deferred Income	-	(1)
BBC Licence Fee Income in Annual Report and Accounts note B1	3,660	3,740

There is no difference between this Trust Statement and the BBC ARA as the deferred income adjustment is now reflected in both accounts.

The Comptroller and Auditor General's Report to the House of Commons

Summary

1 The BBC's Royal Charter requires that its board ensures the BBC's arrangements for collecting licence fees are "efficient, appropriate and proportionate".⁵ The BBC has been responsible for licence fee collection, issuing TV licences and enforcing the system since 1991. Everyone in the UK needs a TV licence if they view, record or download 'licensable content', that is:

- programmes as they are being shown live on any channel, paid for TV service or foreign channel (via satellite or online streaming);
- live streams through an on-line TV service; and
- all BBC content on iPlayer.

2 The BBC works with several companies to collect licence fees under the banner of its 'TV Licensing' (TVL) trademark. It also calculates an annual estimate of the licence fee evasion rate. The BBC has a dedicated team to oversee its contractors, set policy and lead on marketing. This team sits within the BBC's Chief Customer Officer Group, and reports to the BBC's Executive Committee and the BBC Board.

3 The BBC publishes two reports annually about how it collects and uses licence fee income: the TV Licence Fee Trust Statement which sets out licence fee income collected; and the BBC Group Annual Report and Accounts which set out how the BBC spent its income, including that derived from the licence fee. Both are audited by the Comptroller and Auditor General (C&AG).

4 Under Section 2 of the Exchequer and Audit Departments Act 1921, the C&AG is also required to assess the adequacy of the BBC's arrangements for assessment, collection and proper allocation of the licence fee. This report is our commentary on the BBC's collection of the licence fee in 2023-24. It sets out our findings and conclusions about the sums that the BBC has collected from licence fee payers in the past year and the BBC's work in 2023-24 to ensure collection of licence fee income is efficient, appropriate and proportionate, including its estimate of licence fee evasion.

Key findings

Collecting the licence fee

5 **Licence fee income has decreased for a second year.** In 2023-24, net licence fee income totalled £3,660 million, a reduction of £81 million or 2% compared with 2022-23. The number of paid-for licences fell by around 556,000 to 22.9 million when compared with 2022-23. In addition, around 775,000 free licences were issued to those aged over 75, an increase of 16,000 (paragraph 1.3 and Figure 1).

6 **Fewer customers purchased a licence in 2023-24, due to a fall in the number of households watching licensable content.** In 2023-24, 3.3 million premises declared that they did not need a licence (2.8 million, 2022-23), which could represent £524 million of additional income. Ofcom statistics show that online services like the BBC's iPlayer are increasingly important to maintaining market share. The BBC reports in its Annual Report and Accounts that use of iPlayer, particularly among under 35s, has increased in 2023-24, although overall viewing of BBC TV has reduced (paragraphs 1.4 to 1.5).

⁵ [Royal Charter for the continuance of the British Broadcasting Corporation](#), December 2016, Cm 9365, Paragraph 20 (7) (b), accessed June 2024

7 The increased cost of living and licence fee affordability is also challenging the BBC's net licence fee income. This does not just impact on the BBC: Ofcom reports that media subscription services are feeling unaffordable for many households. From 1 April 2024, the cost of the licence fee went up in line with September 2023's inflation rate to £169.50, after being frozen for two years at £159. The BBC is progressing a multi-year saving and investment plan to deliver its strategic priorities across the remaining Royal Charter period to 2027-28 to counter a real-terms reduction in income and increasing costs (paragraphs 1.4, 1.6 and 1.7).

8 The BBC faced challenges in 2023-24 in managing delivery by its contractors. Capita, which provides TVL's systems, is many months behind in a programme to update this software. The BBC is monitoring Capita's progress closely and has renegotiated the payment schedule pending delivery of contracted commitments. There are associated risks with running services on out-of-date software. Capita's work to update and improve the TVL website is also behind timetable (paragraphs 1.9 to 1.12).

Maximising licence fee income

9 Estimated licence fee evasion has increased to 11.30% in 2023-24. In 2019-20, the first comparable estimate of evasion, BBC estimated evasion was 6.95%, but its estimate has increased every year since then (Figure 1). BBC analysis suggests that over half of evaders use its content more than once a week. Licence fee evasion represented £466 million of lost income to the BBC last year (paragraph 2.2).

10 The BBC's analysis shows that the increase in evasion was primarily due to a reduction in customers' consumption of BBC and other licensable content. The change in licence fee arrangements for the over-75s continues to contribute to the increased rate. The BBC expects that its work to reduce evasion will take some time to embed, and that evasion will remain at or above current levels in 2024-25 (paragraphs 2.3 to 2.6).

11 The BBC is extending support to households struggling to pay the licence fee. TVL has a dedicated, now permanent, team helping people to stay licensed, and it can refer these customers to debt support charities. However, many customers using its simple payment plan still struggle and around half are not able to keep up payments. In 2024-25 TVL will look at ways to ensure those aged over-75 are correctly licensed, including how to increase awareness of free licences and how to apply (paragraphs 2.7 to 2.8 and 2.17 to 2.18).

12 The BBC is about to expand the work of its team dedicated to retaining customers. The BBC's research has identified a link between customers' perception of the value of the TV licence and their intention to pay. Pilot trials of engagement were successful at retaining customers. The BBC is working harder to make additional licence fee sales: across 2023-24, the BBC trialled new communications campaigns and spent more on marketing and postage. The BBC continues to review its engagement, including the frequency of contact with households declaring that they do not need a licence, to support customers to understand when a licence is needed (paragraphs 1.8, 2.10 to 2.12 and 2.17).

13 The BBC is also ensuring that its enforcement activities pick up all customers and are fair. Operational issues impacted enforcement activities in 2023-24, with fewer visiting officers in post than contracted. TVL made specific visits to check that householders were correctly claiming that no licence was needed. The BBC also began work to implement the action plan arising from its 2023 Gender Disparity Review that found that 74% of all prosecutions are of women due to societal factors. The BBC will report against its 10-point action plan each year. As a proportion of licences sold, TVL took approximately 0.1% of people to court for licence fee evasion (paragraphs 2.5 and 2.14 to 2.17).

14 The BBC will be researching options for the future of the licence fee. In December 2023, the government announced a review of how the BBC should be funded after its Royal Charter ends in 2027-28. The BBC's research will explore options for reform, for example, how payment could reflect customers income, and how to ensure enforcement is fair and proportionate. Media analysts expect the pressure on the licence fee will continue as more viewers switch solely to streaming services (paragraphs 1.7 and 2.13).

Comptroller and Auditor General's conclusion

15 I drew on several data sources to reach my conclusion. They were:

- the Television Licence Fee Trust Statement 2023-24 which sets out licence fee income collected;
- the BBC Group Annual Report and Accounts 2023-24 which set out how the BBC spent its income, including that derived from the licence fee, and record the costs of collecting the licence fee; and
- BBC and TVL documents, and interviews with their staff.

16 In fulfilling my statutory duties under the Exchequer and Audit Departments Act 1921, while recognising that no collection system can ensure that everyone meets their obligation to purchase a licence, I conclude that in 2023-24 the BBC had framed adequate regulations and procedures to secure an effective check on the assessment, collection and proper allocation of licence fee revenue, and that these regulations and procedures are being duly carried out. This assurance is subject to the observations on specific aspects of the administration of the licence fee in this report and my other reports to Parliament.

17 In addition to my statutory duties under the Exchequer and Audit Departments Act 1921, I have concluded that, based on the number of paid for licences:

- the figures in the BBC TV Licence Fee Trust Statement (the Trust Statement) are true and fair; and
- the income and expenditure recorded in the Trust Statement are in line with the purposes Parliament intended and the framework of authorities.

18 Licence fee income has declined for a second year, as consumption of licensable content decreases and estimated evasion increases. Current estimated evasion levels equate to lost revenue of £466 million and are not forecast to reduce in the short term. The BBC believes there is a link between the perceived value of BBC content and the take up of TV licences. Looking ahead, the real-terms reduction in licence fee income and increasing costs mean the BBC, to deliver its strategic priorities, aims to make considerable savings across the remaining Royal Charter period to 2027-28. In addition, the BBC should continue to find ways to maximise licence fee income, by improving customers perception of value and reducing evasion.

Part One

Collecting the licence fee

1.1 Everyone in the UK who watches or records television programmes live on any channel, paid-for TV service or foreign channel (via satellite or online streaming), or watches or streams TV programmes live on an online TV service must be covered by a TV licence. A licence is also required to watch live and on-demand BBC content and live S4C content on BBC iPlayer. Residential households, businesses, hotels and student accommodation are all included in those needing a licence. The BBC is responsible for issuing TV licences, collecting licence fee revenue and enforcing the licensing system.

1.2 To collect the licence fee, the BBC contracts with three principal service providers under the 'TV licensing' (TVL) trademark (Section A3 of the Trust Statement foreword). TVL collects licence fee income on behalf of the Department for Culture, Media & Sport; this is then paid as a grant to the BBC to provide TV channels, online services including iPlayer, the BBC website, radio stations, the BBC World Service and apps like BBC News.

Licence fee income in 2023-24

1.3 In 2023-24, net licence fee income totalled £3,660 million, a reduction of £81 million or 2% compared with 2022-23 (**Figure 1**). This is the second year that net licence fee income has declined. The number of paid for licences fell by around 556,000 to 22.9 million when compared with 2022-23. Around 775,000 free licences were issued to those aged over 75, an increase of 16,000.⁶ In 2023-24, the licence fee remained frozen at £159, the same amount as the BBC charged for the previous year.

⁶ We have followed the BBC's presentation of sales volumes and these figures do not include 116,000 accommodation for residential care (ARC) licences sold at a concessionary rate and 258,000 free ARC licences.

Figure 1

Key trends in licence fee take up, 2019-20 to 2023-24¹

The BBC's licence fee income has fallen since 2021-22, as the proportion of households watching licensable content falls and evasion increases

	2019-20	2020-21	2021-22	2022-23	2023-24
Licence fee income ²	£3,267m	£3,747m	£3,800m	£3,740m	£3,660m
Licences in force ³	25.67m	25.28m	24.71m	24.37m	23.89m
Estimated proportion of households watching licensable content (annual average)	94.06%	93.02% ⁴	92.48%	91.54%	90.19%
Estimated evasion rate (annual average)	6.95%	7.58% ⁴	9.38%	10.58% ⁵	11.30%
No licence needed declarations	2.39m	2.42m	2.48m	2.84m	3.29m

NOTES

1. Time series begins at 2019-20 when the BBC changed how it calculated the evasion rate. Prior evasion estimates are not comparable.
2. Licence fee income for 2019-20 and 2020-21 are taken from the 2019-20 and 2020-21 BBC Trust Statements and do not include the grant payments from the Department for Work & Pensions to cover the cost of free licences for over-75s. The sums were £253 million in 2019-20, and £3 million in 2020-21 when the grant ended.
3. The number of licences in force is different to the number of households with a licence and the number of licences sold. Licences in force are higher than the number of licensed households as some households may require more than one licence (for example, student accommodation). Licence sales are recorded monthly and differ from licences in force as at 31 March 2024 due to cancellations.
4. For 2020-21 COVID-19 prevented the Broadcasters Audience Research Board from completing its survey and therefore the percentage of households watching licensable content and related evasion rate were based on estimated figures.
5. 2022-23 estimated evasion rate has been restated (previously 10.31%) due to more up to date census data for Scotland and updated household growth rates being received since this was initially calculated.

Source: National Audit Office analysis of BBC documents

1.4 Licence fee sales are impacted by wider trends in changing customer behaviours and the economy that are not within the BBC's direct control. Although the UK has an increasing number of households, this potentially larger audience is offset by the following factors.

- Changing viewing behaviour increasing the number of premises declaring that they do not need a licence as they do not watch broadcast television or use iPlayer (Figure 1). On 31 March 2024, TVL had 3.3 million 'no licence needed' declarations – which could represent £524 million of extra income – an increase of 459,000 (16%) compared with 2022-23.
- The increased cost of living on licence fee affordability. This is also having an impact on subscription services: Ofcom reports that in January 2024, 28% of households it surveyed had difficulty affording subscription TV and other communication services.

1.5 The proportion of households watching licensable content – the 'TV penetration rate' – is estimated using the most recently published data from the Broadcasters Audience Research Board (BARB) (Figure 1). This proportion fell by 1.35 percentage points from 91.54% annual average for 2022-23 to 90.19% annual average for 2023-24 (Figure 1). Ofcom reports that year on year, fewer customers watch broadcast television and the number of broadcast programmes attracting mass audiences has fallen sharply, while online services like iPlayer are increasingly important to maintaining market share. For 2023-24 the BBC reports that average weekly adult viewing of BBV TV or iPlayer has fallen to 6 hours 26 minutes, from 6 hours 56 minutes, but iPlayer streaming has increased to 1 hour 6 minutes per week, from 56 minutes a week. Those under 35 watch 47% of the BBC content they view on iPlayer, compared with 19% of BBC content viewed though iPlayer for all age groups.

1.6 From 1 April 2024, the licence fee was increased in line with the annual rate of the consumer prices index in September 2023, to £169.50, a 6.7% increase on 2023-24 (£159). When I reported on the 2022-23 Trust Statement in July 2023, the BBC had estimated that the licence fee freeze in 2022-23 and 2023-24 would result

in lost income of £400 million to the end of the Royal Charter period in 2027-28.⁷ The BBC now estimates the impact of rising costs and below inflation changes to the licence fee equate to a real-terms annual reduction in licence fee income of 30% each year, over £1 billion. The BBC is progressing a multi-year saving and investment plan to the end of the Royal Charter period in 2027-28 to deliver its strategic priorities.⁸

1.7 Pressure on BBC licence fee income is likely to continue. Enders Analysis, a media sector research firm, forecast that competition between broadcasters like the BBC and streaming services and internet-based providers of TV-like content, means that by 2028 broadcasters' share of UK individuals' video viewing would fall from 64% in 2022 to 48%.

Licence fee collection

1.8 In 2023-24, the BBC spent £145 million or 4.0% of licence fee income on collection, compared with £137 million or 3.7% in 2022-23. In 2023-24, the BBC spent more on marketing to bring additional sales; had additional preparation costs from changing to a new supplier to run the simple payment plan (paragraphs 2.8 and 2.9); and experienced increased costs, particularly to postage, due to inflation. The BBC expects the cost of collection to remain broadly the same through to 2026-27, although it is taking steps to minimise collection costs, for example by issuing 57% of licences electronically.

1.9 The BBC's main contractor for TV licensing is Capita. When the BBC extended its contract in July 2022, it was agreed with Capita as part of this extension that, in addition to service delivery, Capita would upgrade its legacy IT systems that support TV licensing activities. Last year I reported that the upgrade work was behind schedule, and Capita and the BBC expected to agree a reset programme in July 2023: it was agreed in March 2024 that the upgrade work would be delivered by the end of 2025.

1.10 By 31 March 2024, Capita was many months behind the agreed timetable for upgrading legacy IT systems underpinning the licence fee collection process. The upgrade plan originally set a finish date of June 2024. Capita's current estimate is that work will be finished by December 2025. IT systems require regular updating to be stable, supported and secure, but operating legacy systems is common across government. However, continuing to operate legacy IT beyond vendor support increases risk and costs: in our report on digital transformation in 2023 we noted that "failure to modernise legacy systems exposes organisations to possible service disruption, operational failure and cyber-attacks. The increasing costs of maintaining legacy systems and loss of associated specialist skills is unsustainable in the long term".⁹ The BBC is monitoring Capita's IT upgrade work closely and has renegotiated the payment schedule pending delivery of contracted commitments but has not otherwise amended the contract. The BBC's risk log rates the upgrade as a 'red' risk and says there is a significant risk of failure due to issues with Capita's third-party supply chain.

1.11 During 2023-24, TVL found that it had data in its campaign management, and customer and address databases that had been held for much longer than they should have been. These data included a high volume of personal data. The BBC have reported that Capita are addressing this with plans in place to remediate all identified issues, as reported in the Trust Statement Foreword at page 12. Upgrading the databases' software to extend their life is part of the Capita's IT upgrade work.

1.12 TVL expects a new website for customers to be in service by July 2025. Capita was contracted to improve the TVL website across 2023-24 and update its underpinning software. Capita completed the website's design phase in February 2024. The improved website is expected to include a rebrand and a redesign of the customer journey. The BBC expects that the website improvements will help people stay correctly licensed by ensuring that licensable content and licensing requirements are explained clearly.

⁷ [Television Licence Fee Trust Statement 2022-23](#)

⁸ BBC, [A BBC for the future](#), March 2024; BBC, [BBC annual plan 2024-25](#), March 2024

⁹ Comptroller and Auditor General, [Digital transformation in government: addressing the barriers to efficiency](#), Session 2022-23, HC 1171, National Audit Office, March 2023

Part Two

Maximising licence fee income

2.1 The BBC has a responsibility to ensure effective collection of the licence fee and maximising licence fee income is important to support future funding. Some people watch licensable content without having a licence: this is licence fee evasion (**Figure 2**). Licence fee evasion represents lost income for the BBC and combatting this is a key area of focus. The BBC uses a balance of encouragement and enforcement to reduce evasion. These measures include targeted support for customers facing financial hardship, enhancing customers' perception of the value of the BBC, and prosecution.

Licence fee evasion

2.2 The BBC estimates that licence fee evasion in 2023-24 was 11.30%. Evasion increased by 0.72 percentage points compared with its restated estimate of 10.58% for 2022-23 and exceeded the BBC's target of 10.2% for 2023-24 (Figure 1 and Figure 2). In 2019-20, the BBC estimated evasion was 6.95%. In 2023-24 licence fee evasion represented around £466 million of lost income to the BBC.

2.3 The BBC's analysis shows that the primary factor behind the increasing estimated evasion rate is a reduction in customers' consumption of BBC and other licensable content. However, BBC information on viewing behaviours suggests that over half of evaders use its content more than once a week, and nearly three-quarters of evaders regularly use the BBC's or other providers' licensable content.

Figure 2

How the BBC calculates the level of licence fee evasion

The BBC combines several data sources to get an estimate of evasion

The BBC calculates that around 90.2% of households should have a TV licence.

To get to this figure it starts with the estimated number of possible licensable places (residential households and businesses) in the UK. The Office of National Statistics' (ONS) have data on different types of residential households and Experian provide estimates of the number of businesses. Using ONS and Experian data, the BBC estimates that there were nearly 31 million possible licensable places, including 1.1 million businesses that may require a licence as at 31 March 2024.

The BBC then uses data from the Broadcasters Audience Research Board (BARB, a research company that specialises in collecting data about who watches what, and how) to calculate how many domestic households need a licence. To do this BBC estimates the number of households that:

- have a TV set or another device used for live TV viewing;
- have a working TV, or where the TV is used for other things like gaming, and do not use another device to watch live TV;
- have a satellite, arial connection or similar, and do not use the internet to watch live TV; and
- view live TV or BBC on-demand material.

It makes a similar calculation to estimate how many business premises need a licence, using the Harris Interactive Survey.

This gives the BBC an estimate of how many licensable places there are. The aggregate of all licensable places is compared with the number of licences in force to calculate the evasion percentage.

Source: National Audit Office analysis of BBC documents

2.4 Of the 11.3% estimated evasion rate, the BBC considers that the 2020 change to licencing for those aged over 75 has increased the evasion rate by two to three percentage points. Following a policy change from 1 August 2020, only those aged over 75 and in receipt of Pension Credit are eligible for a free licence. These customers must apply for and be issued with a free licence. Otherwise, unlicensed over-75s are included in the evasion

figures and the BBC believes that the evasion rate for this customer group is the same as the remaining population.

2.5 Operational issues also impacted on the BBC's collection of licence fees, efforts to control evasion and enforcement activities in 2023-24, including the following.

- Capita's difficulties filling vacancies for the visiting officers who call at unlicensed premises. The number of full-time equivalent (FTE) visiting officers increased between 31 March 2023 and 31 March 2024, from 156 to 211. This was short of the 233 FTE field force Capita is contracted to supply, which was achieved in May 2024.
- Using visiting officers to trial different approaches to allocating visits. Across 2022-23 TV Licensing (TVL) had, on average, 159 full-time equivalent field officers who made 1,075,000 visits. In 2023-24 TVL had an average of 172 FTE field officers, who made 1,314,000 visits.

2.6 In response to the increase in estimated evasion, the BBC is targeting three areas to reduce evasion:

- addressing the licence fee's affordability for households facing financial pressures from cost of living increases (paragraphs 2.8 and 2.9);
- maintaining and increasing customers' perception of the value of the licence fee, particularly in households that consume less licensable content or are less knowledgeable about when they need a licence, to encourage purchase of a licence (paragraphs 2.10 to 2.12); and
- increasing public understanding of the consequences of evasion, as nearly a quarter of evaders say that they are not aware of 'TV Licencing' (paragraphs 2.14 to 2.18).

The BBC expects that its work to reduce evasion will take some time to embed, and that evasion will remain at or above current levels in 2024-25.

Support to customers struggling to pay

2.7 In addition to its efforts to increase take up of free over-75 licences for those eligible, following a successful trial, in 2023-24 TVL made permanent its team of five FTE staff who work specifically to support customers facing financial difficulty. The team offers customers options to keep them licensed, while working within payment scheme rules.

2.8 After two years of trials, the simple payment plan (the plan) was introduced permanently in 2020. To be eligible for the plan, a household must be without a current licence, have had an enforcement visit by TVL, or sought advice from a debt-advice charity. The plan allows eligible customers to pay for their TV licence in smaller, equal instalments across a 12-month period, monthly or fortnightly, without having to save in advance towards their next licence, as required by the direct debit scheme. TVL calculated that around 260,000 households in February 2024 used the plan, around 1.1% of the licensed population. Given the criteria for joining the plan, it is perhaps not surprising that these customers continue to struggle with their finances and to stay licensed. For example, of the people who started on the plan in January 2023, 42% were still using it in December 2023, and 53% had dropped out, having failed to pay. Where a customer fails to make payments against a plan, their licence is revoked.

2.9 Target ran the simple payment plan for TVL in 2023-24 but following re-tendering, Wescot will take over operations in 2025. The new contract will include campaigning and customer segmentation; technology; and customer insight, analytics and management information. The BBC considers the new contract should increase the number of people who manage to stay licensed by continuing to pay on a plan past initial enrolment.

Encouraging customers to buy a licence

2.10 During 2023-24, TVL expanded the work of a team dedicated to retaining customers. The team trialled new communications that stressed to customers both what the TV licence facilitates (the full range of licensable content, not just from the BBC) and funds (the range of BBC services). The trial was successful and the BBC plans to expand the approach to help customers stay appropriately licensed.

2.11 The BBC's Director-General recently set out that the BBC, to be successful, needs to offer "a BBC that is more relevant, that is universally used and offers outstanding value to all".¹⁰ The BBC believes that its strategy to deliver value for all has a direct impact on payment intention and revenue. The BBC publishes information from viewers on their perceptions of the BBC's relevance, use of its services, and the value for money it offers (**Figure 3**). Around 85% of UK adults engage with BBC TV/iPlayer, radio or online on average each week.

2.12 'Value for all' reflects the BBC's research that identified a link between customers' perception of the value of the TV licence and their intention to pay. TVL used this finding to improve its communications with customers, highlighting what the TV licence facilitates, including non-BBC services and the iPlayer, and what the licence fee funds, namely the range of BBC services. In 2022-23 TVL put this information in, for example, renewals letters and emails. Across 2023-24, TVL has put these messages on social media and other marketing, and several of its web pages. The BBC believes that this messaging improved customers' perception of the value of the licence fee.

Figure 3

BBC customer metrics, 2019-20 to 2023-24

Metrics on BBC usage and customer perception of value for money and importance have varied

	2019-20	2020-21	2021-22	2022-23	2023-24
% of UK adults who use BBC TV/iPlayer, radio or online on average per week	91%	90%	90%	88%	85%
Length of time UK adults spend with the BBC per head on average per week (hours:minutes)	17:45	18:02	17:30	16:41	15:32
Rating of value for money, UK adults	5/10	5/10	5/10	5/10	5/10
% of UK adults who say BBC programmes/content/services are important to people of the UK	Not available	77%	86%	79%	75%

Source: National Audit Office analysis of BBC Annual Report and Accounts survey data, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24.

2.13 The Secretary of State for Culture, Media and Sport announced a review of the BBC's licence fee funding model in December 2023. The review will look at how the BBC should be funded after the BBC's Royal Charter ends in 2027-28. The Department for Culture Media & Sport will organise the review and will be supported by a panel of independent experts. The panel's terms of reference include exploring the sustainability of the licence fee model, evidence around other models to fund the BBC, and how the BBC could transition to a new funding model. The BBC has said that it is open to reform of the licence fee funding model and will engage with the government review. It has also committed to doing its own research with the public on how to reform the licence fee, for example on how payment could reflect customers income and ensuring that its enforcement activities are fair and proportionate.

¹⁰ BBC, [A BBC for the future](#), March 2024, page 26 (accessed on 6 June 2024).

Enforcement

2.14 The BBC is responsible for ensuring that arrangements for the collection of the licence fee are proportionate. The BBC has a legal duty to collect and enforce the licence fee. Where a visiting officer finds an unlicensed household that requires a licence but does not agree to purchase one, TVL's legal team will assess the case for prosecution. Licence fee evasion is a criminal offence under section 363 of the Communications Act 2003, with a maximum fine of £1,000.

2.15 In 2023-24, as a proportion of licences sold, TVL took approximately 0.1% of people to court for licence fee evasion. In England and Wales in the year to December 2023 (the most recent data available), the courts convicted 30,900 people of licence fee evasion (40,700 in the year to December 2022). TVL and individual visiting officers do not have contractual incentives to achieve a certain number of prosecutions, generate court income or record a certain number of interviews.

2.16 In 2022-23, the BBC conducted a review of the gender disparity in prosecutions for licence fee evasion, to better understand why 74% of convictions from 2018 to 2022 were of women. This review, including a 10-point action plan, was published in May 2023. It found that societal factors, beyond TVL's control, such as household composition, who is at home during inspection field visits, and differences in financial hardship between genders were the significant factors behind the gender disparity. Given these factors, in 2023-24 in England and Wales, the percentage of prosecutions of women remained at around 74%. The 10 action points committed the BBC to offer more support to those in financial hardship and helping people stay licensed and reduce their risk of prosecution. The BBC will report on its progress against the 10 action points each year, with the first report published in July 2024.¹¹

2.17 The BBC is also ensuring that its enforcement activities pick up all customers. TVL make specific visits to check that householders are correctly claiming that no licence was needed. The BBC continues to review its engagement, including the frequency of contact with households making this declaration, to support customers to understand when a licence is needed.

2.18 In 2024-25 TVL aims to maximise the effectiveness of its enforcement visits to ensure all customers are appropriately licensed, for example assessing how visiting officers can promote the free licence for those who are aged over 75 and in receipt of Pension Credit. From July 2024, TVL will have an automated link to the Department for Work & Pensions and be able to check if a householder receives the Pension Credit that entitles them to a free licence. TVL believes this will increase the number of licences issued to those over 75 and reduce the evasion figure.

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12 July 2024

¹¹ <https://www.tvlicensing.co.uk/about/gender-disparity-AB23>

Accounts Direction Given by HM Treasury

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 2(3) OF THE EXCHEQUER AND AUDIT DEPARTMENTS ACT 1921

1. This direction applies to the British Broadcasting Corporation (“the BBC”) for the Television Licence Fee receipts.
2. The BBC shall prepare a Trust Statement (“the Statement”) for the financial year ended 31 March 2011 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the *Government Financial Reporting Manual* issued by HM Treasury (FRM) which is in force for that financial year.
3. The Statement shall be prepared so as to give a true and fair view of the state of affairs relating to the collection and settlement of the Television Licence Fee at 31 March 2011 and subsequent financial year-ends and of the revenue and expenditure and cash flows for the year then ended.
4. The statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
5. The BBC shall agree the format of the supporting notes with HM Treasury. The notes shall include: the accounting policies (including the policy for revenue recognition and any estimation and forecasting techniques); breakdowns of income, expenditure assets and liabilities recognised in the primary statements in all cases where users’ understanding would be materially improved by additional detail; disclosure of contingent liabilities; summaries of losses, write-offs and remissions; and post balance sheet events.
6. Regard shall also be given to all relevant accounting and disclosure requirements given in Managing Public Money and other guidance issued by HM Treasury. To this extent the Trust Statement shall include: a Foreword by the Director General; a Management Commentary; a Statement of the Director General’s Responsibilities; and a Statement on Internal Control.
7. Evasion is outside the scope of the Trust Statement and shall not be included in the primary statements or notes. This fact should be disclosed in an accounting policy note with reference to the Management Commentary for further disclosure. The disclosures in the Management Commentary shall include discussion of the level of evasion in the year.
8. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to ensure compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.
9. The Trust Statement, together with this direction, and the Report produced by the Comptroller and Auditor General, under section 2(2) of the Exchequer and Audit Departments Act 1921 as amended by the Government Resources and Accounts Act 2000, shall be laid before Parliament at the same time as the BBC’s accounts.

CHRIS WOBSCALL

Head, Assurance and Financial Reporting Policy HM
Treasury

10 May 2011

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