



British Broadcasting Corporation

**Television Licence Fee Trust Statement for the
Year Ending 31 March 2025**

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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, 94% of UK adults use the BBC each month and 84% every week. We are grateful that audiences continue to value the BBC and remain committed to paying the licence fee with 23.8m licences in force at year end.

The BBC is responsible for issuing TV Licences, collecting licence fee revenue and enforcing the Licensing system. These activities are managed by the Licence Fee Unit and contracted companies operating under the trademark of TV Licensing (TVL). The key objective of TVL is to maximise the long term net licence fee revenue in a way which sustains public support.

This year's report shows that during 2024/25 our teams continued to perform well. After two years of a frozen licence fee, the government approved a CPI uplift to £169.50 from April 2024. (An equivalent household bundle to the BBC's offer of premium, advertising-free video, audio, and news media subscriptions is now over £600 p.a.) 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 increases. This shrinks the addressable market of licensable properties. Despite this, TVL has delivered increased revenue (up 5%) and slowed the decline in year-end licences in force (LiF) with a reduction of 303k compared to a 456k decline in 2023/24.

We have continued to drive high levels of customer service. A significant project was delivered successfully with the Department for Work and Pensions to enable an automated link significantly improving the application process for free licences. Good progress was also completing the actions from our independent review of gender disparity in prosecutions including the expansion of our Simple Payment Plan with the help of the Department for Culture, Media and Sport.

The estimated evasion rate for 2024/25 is 12.52% compared to the updated rate of 12.04% in 2023/24. This increase is likely to represent a continuation of many factors previously observed by the BBC, 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 privileged position of being able to forecast medium-term income with some certainty (2024/25 income was within 1% of budget), but we take nothing for granted – our existence is based on the value we provide for audiences and the UK, today and in the future. Ahead of the forthcoming review of the BBC's Royal Charter we are inviting audiences to have their say about the future of the organisation through the biggest engagement exercise we have ever undertaken with the "Our BBC, Our Future" questionnaire.

The BBC belongs to all of us and we can all have a say in its future.



Tim Davie
Director-General, BBC
27 June 2025

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 2025.

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 39).

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 and Wescot Credit Services Limited (changed March 2025)
- customer communications and fulfilment – RAPP Ltd
- postal services – Whistl UK Limited; 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.

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).

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.

2024/25 was another challenging year for licence fee collection. Declines in audience live media consumption combined with slow household growth shrink the addressable market (licensable premises).

Change in value of licence fee

Following two years when the value of the TV licence was frozen, the government approved an increase by CPI to £169.50 from 1 April 2024. It increased again to £174.50 from 1 April 2025.

Household growth

We have estimated household growth for 2024/25 at 0.32%, this is based upon the 2021 ONS census releases published in 2022, the 2022 Scottish Census published in 2024, 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 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 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 households using both TVs and non-TV devices to watch television.

This data is made available throughout the year by Barb based on its representative panel. The BBC uses the data relating to consumption of content that requires a TV licence, adjusted to account for the additional reach from small screen (non-TV) devices, to calculate the Reach of Licensable Content (ROLC²) in UK households.

The average ROLC based upon Household data from Barb, is estimated to be 89.96% for 2024/25. This is a decrease of 1.49% on the average annual rate of 91.45% estimated for 2023/24.

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 increased by 5.4% to £3,990m (2023/24 £3,785m). Gross revenue is the value of licences coming into force in the period. Refunds, revocations and credit losses were up by 16% at £162m (2023/24 £140m).

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 increased to £3,843m (2023/24: £3,660m). This is 5% higher than the prior year due to the increase in the fee partially offset by the reduction in the volume of licences sold. This was broadly in line with expectation and net revenue was 1% above budget.

Payables have increased by 10% to £321m (2023/24 £292m). The increase is primarily driven by the rise in

² This measure was previously called Television Penetration (TVP), more detail on this change is in section A6

the price of a licence. In addition, the payment profile for those on monthly Direct Debit (which comprises over 80% of the balance) means under the government regulations, customers are now paying more in advance towards the cost of their 2025/26 licence. This is expected to unwind in 2025/26.

Receivables have increased by 13% to £507m (2023/24 £447m). This reflects the rise in the price of a licence and expansion of the SPP where customers pay in arrears.

Risks

The BBC Board is responsible for ensuring there is a process in place for managing significant risks. This is set out in section B5 of the Accountability Report, which provides more detail on the specific control risks for this Statement. These are considered to be: the operation of outsourced contracts; Data and Information Security; and Fraud.

Sustainability

TVL are reducing carbon emissions to net zero in line with BBC commitments. Quarterly meetings with key suppliers review sustainability plans and activities. Good progress has been made with moving customers online (3% increase in the number of e-licences), field vehicles are being moved to hybrid/electric and HGVs delivering TVL mailings moved to hydrogenated oil during the year. The BBC Annual Report and Accounts includes sustainability reporting: <https://www.bbc.com/aboutthebbc/reports/annualreport> .

Sales volumes and performance

Table 1 shows the sales volumes for the last five years excluding licences for ARC³. In 2024/25 licences sold were 23,453k, a decrease of 263k from the prior year, in line with forecast. Free licences under the over 75 (O75) policy were 825k, an increase of 50k, partly due to increased take up and our improved application process.

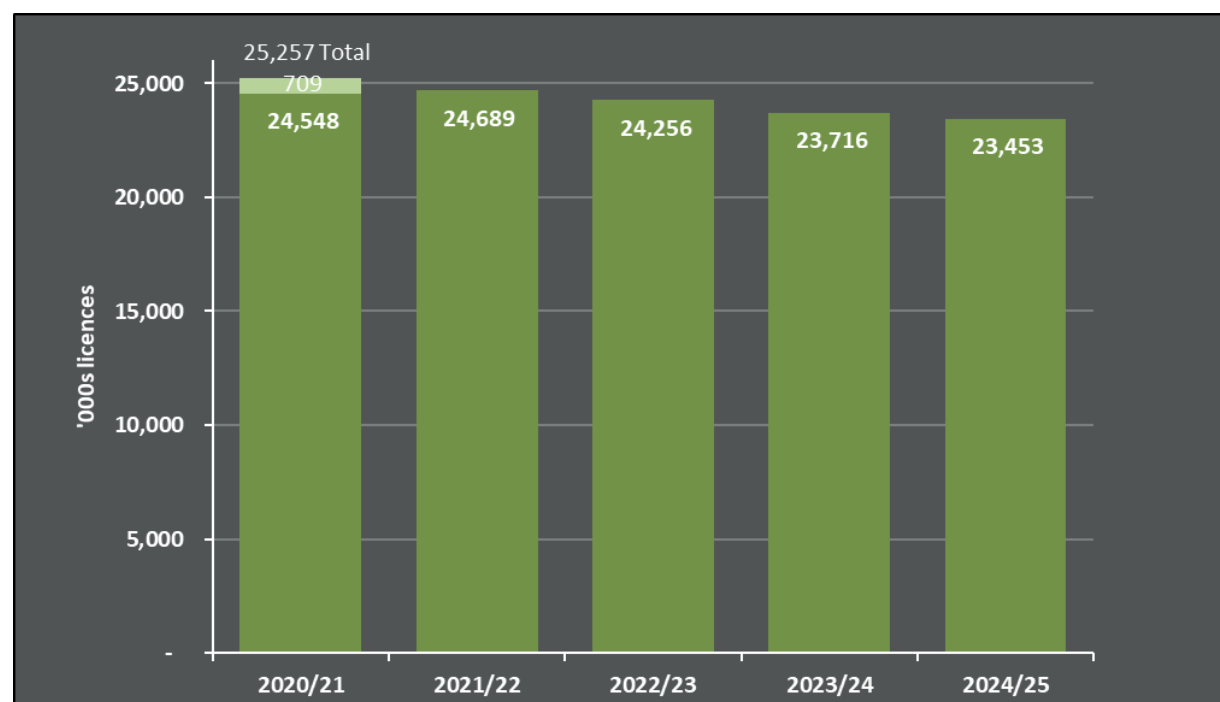
The table represents licence fee sales, not the numbers of Licences in Force (LIF). LIF are reported in the BBC's Group Annual Report and Accounts and were 23.8m at year end (2024: 24.1m⁴).

Sales of all licences (including free and concessions) decreased by only 241k compared to 559k in 2023/24.

³ ARC licences add an additional 269k free O75 licences and 127k concessionary licences in 2024/25.

⁴ The total number of Licences in Force at 31 March 2024 has been restated by c.200k to correct a system error in the calculation of the cash scheme licences. This had no impact on customers or income.

Table 1 – Sales volumes ('000s of licences including O75 free licences) ⁵



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 these companies and the BBC as TVL seeks to improve processes for efficiency purposes and to improve the customer experience.

We reported last year that in December 2023 TVL had to manage a change in print supplier as Communis UK Limited (a subcontractor of RAPP Ltd) went into administration. A comprehensive business continuity plan was activated with minimal impact on customers. The final transition of all communications to the new supplier was successfully completed in November 2024.

While the environment for collection is challenging, the operational performance of TVL has been effective. Complaints are kept under close review and in 2024/25 showed an expected increase from the lowest level ever in the previous year. These remain at very low levels – only 0.07% of LiF – and customer satisfaction with all our agents was 4.6 out of five in the year.

Other highlights in 2024/25 include:

- Along with colleagues at the Department for Work and Pensions we delivered a significant project to establish an automated link to allow TVL to check entitlement to a free licence. This significantly improves the application process for free licences which previously required scanning and submission of evidence. This has led to an increase in the number of free licences.
- Good progress was also made in completing the actions arising from our independent review of gender disparity in prosecutions including the expansion of our Simple Payment Plan with the help of the Department for Culture, Media and Sport.
- Insight-driven improvements increased self-service through the website by 1% YoY, allowing customers to deal with getting licensed at a time to suit them.
- Over 60% of customers have opted for an e-licence reducing paper and postage cost (2023/24 3% increase YoY)

⁵ Licence Fee sales in table 1 include the volumes of O75 free licences. 2024/25 - 825k; 2023/24 - 775k; 2022/23 – 759k; 2021/22 – 765k; 2020/21 - 1,481k

- Capita successfully rebuilt the number of visiting officers to full strength for most of 2024/25 which has improved TVL's ability to collect the licence fee.

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 domestic and non-domestic places (such as businesses, hotels and student halls of residence). Appropriate estimates of the reach of licensable content (ROLC) 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 reach of licensable content which gives the ratio of households that need a licence. In 2024/25 the BBC has decided that the best source of this measure is the Barb Panel⁶. The Panel is a sample of households selected to be representative of the entire UK. The panel is currently 7,000 households giving us insights on the daily viewing habits of over 16,000 individuals. The Panel enables the BBC to calculate a robust estimate of the ROLC each quarter, considering the viewing behaviours of households using traditional broadcast platforms, IPTV households and those with non-TV devices. The measurement is estimated each quarter and annualised to reflect a rolling 12 month period.

The Barb Panel estimate of ROLC suggests a higher level of engagement with licensable content than the previously used Barb Establishment Survey. In 2023/24 the Panel annual estimate was 91.45% compared to 90.19% reported last year (1.26% higher).

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, as usual, reviewed relevant, new information to provide an updated rate. Having adjusted for the change in ROLC source, an update to the number of LIF and new information on household growth, the evasion rate for 2023/24 is now estimated to be 12.04%.

The evasion rate for 2024/25 is estimated to be 12.52%. This is a 0.48%pt increase on the 2023/24 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 licensable content consumed.

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. The UK public overall continues to consume more hours of BBC TV than any other provider, including more than Netflix, Disney+ and Amazon Prime combined and more than YouTube and TikTok combined. 2024/25 saw an increase in the time 16-34s spent watching BBC TV and the BBC remains their biggest broadcaster, however young audiences continue to spend the majority of their video time with global video sharing platforms (44% of all video time) and subscription or advertising video-on-demand (SVOD/AVOD) services (now at 29%), ahead of UK broadcasters combined (27%).

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

⁶ The measure previously used was the Barb Establishment Survey (with some adjustments) which measured access to licensable content. The Barb Panel reflects actual viewing habits.

licence fee which funds it.

Despite a contraction of the potential 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. We have a specially trained team of agents, dedicated to helping people stay licensed and providing referral to debt advisory services and pension credit where relevant.

Capita is contracted to improve the TVL website and update its underpinning software. We expect the improvements will help people stay correctly licensed by ensuring licensable content and licensing requirements are explained even more clearly. The design phase was completed in February 2024 and we expected the new website to be in service by July 2025. Whilst build work has commenced, due to its inherent complexity Capita's work is behind schedule. We now expect the new website to be available by Spring 2026 at the earliest. The current website remains stable.

We have continued work on 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>). In 2024/25 we worked with the DCMS to expand the eligibility criteria for the Simple Payment Plan to make it easier for those in severe financial hardship to pay. We also conducted further trials of new ways of engaging with those in the prosecution process and engaged with the MoJ and their consultation on the use of the SJP. All our communications have now been reviewed to ensure they meet our reading age criteria and improvements are fully rolled out.

We regularly test our procedures for supporting customers and monitor customer satisfaction and complaints for actions we can take to improve our service. Following on from the success of our work with the DWP to improve applications for O75s we are working on simplification and improvements of the ARC licence process.

In 2024/25 the BBC directly supported licence fee costs in over 1m households (825k free O75 Licences, 269k ARC licences and 127k concessionary licences).



Tim Davie
Director-General, BBC
27 June 2025

B. Accountability Report

B1 Basis for the Preparation of the Trust Statement

The HM Treasury accounts direction (see page 39), 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 (FReM) 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 2024/25. In conforming with the Accounts Direction issued by HM Treasury (see page 39 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 FReM 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 FReM 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 2024/25 Trust Statement was £194,000 (2023/24 £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 2024/25 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 Corporate 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 & Accounts⁷ 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 2024/25 the chairman was Samir Shah who had been appointed 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.

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.

⁷ <https://www.bbc.com/aboutthebbc/reports/annualreport>

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 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 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 2024/25. 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 cash 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.

During 2024/25 the BBC continued to maintain focus on compliance with all Information Security and Data Protection obligations and protections of personal data, including compliance with the BBC TVL Data Retention Policy. A programme of remediation was managed by Capita to remove any non-compliant data with the remaining non-compliant systems now being managed as part of an upgrade programme that will facilitate compliance. In 2024/25, the BBC reported one TV Licensing related data incident to the Information Commissioner's Office for awareness only. No regulatory action was required

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, through the nominated Whistleblowing Champion 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.

Statement on Internal control

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 carried out by our suppliers, 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 reset plan is being developed to ensure delivery

I consider TVL to continue to have satisfactory governance and risk management arrangements in place with effective plans to ensure continuous improvement

A handwritten signature in blue ink, appearing to read 'T. Davie', is positioned above the printed name.

Tim Davie
Director-General, BBC
27 June 2025

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 2025 under the Exchequer and Audit Departments Act 1921.

The financial statements comprise the:

- Statement of Financial Position as at 31 March 2025;
- Statement of Revenue and Expenditure and the Statement of Cash Flows and for the year then ended; 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 2025 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 (2024)*. 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 2024*. 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 BBC's use of the going concern basis of accounting in the preparation of the Television Licence Fee Trust Statement 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 preparation of 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 BBC 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 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; and
- assessing the appropriateness of the preparation of the Television Licence Fee Trust Statement on a going concern basis, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Television Licence Fee Trust Statement will not continue 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, compliance with the Exchequer and Audit Departments Act 1921, Managing Public Money, the Communications Act 2003, the Communications (Television Licensing) Regulations 2004, 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 journals, 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 of 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 Communications (Television Licensing) Regulations 2004, 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; and
- 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 25 to 38.

Gareth Davies
Comptroller and Auditor General

30 June 2025

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 2025

	Note	2025 £m	2024 £m
Revenue			
Value of Licences		3,990	3,785
Value of refunds		(47)	(41)
Value of revocations		(49)	(41)
Value of premiums on quarterly direct debit		15	15
Net Revenue		<u>3,909</u>	<u>3,718</u>
Less expenditure			
Credit losses	2.2	(66)	(58)
Net Revenue for the Consolidated Fund		<u>3,843</u>	<u>3,660</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 2025

	Note	2025 £m	2024 £m
Current Assets			
Receivables	2.1	507	447
Cash held for customers on savings schemes		12	12
Total Assets		519	459
Current Liabilities			
Payables	3	(321)	(292)
Total Net Assets		198	167
Represented by:			
Balance on Consolidated Fund Account as at 31 March	4	198	167

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



Tim Davie
Director-General, BBC
27 June 2025

Statement of Cash Flows for the Year Ended 31 March 2025

	Note	2025 £m	2024 £m
Net cash inflow from operating activities	A	3,812	3,665
Cash paid to the Consolidated Fund	4	(3,812)	(3,666)
Increase / (Decrease) in cash in the period		<u>0</u>	<u>(1)</u>

Notes to the Cash Flow Statement

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

Net Revenue for the Consolidated Fund	3,843	3,660
(Increase)/decrease in Receivables	(60)	8
Increase/(decrease) in Payables	29	(3)
Net Cash Flow from operating activities	<u>3,812</u>	<u>3,665</u>

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

Decrease in Cash in this Period	0	(1)
Net Funds at 1st April	12	13
Net Funds at 31st March	<u>12</u>	<u>12</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 (FReM). The accounting policies contained in the FReM 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 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:

- Classification of liabilities as current or non-current (amendments to IAS 1).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Non-current Liabilities with Covenants (Amendments to IAS 1).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

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 FReM, 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

	Note	2025 £m	2024 £m
Licence fee Receivables		499	466
Cash in transit		41	14
Total before estimated impairments		540	480
Less estimated impairments	2.3	(33)	(33)
		507	447

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

	Note	2025 £m	2024 £m
Debts written off		(66)	(58)
Change in the value of impairments	2.3	0	0
		(66)	(58)

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

	2025 £m	2024 £m
Balance as at 1 April	(33)	(33)
Change in estimated value of impairments	0	0
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

	2025	2024
	£m	£m
Licence fee payables	283	256
Customer savings	12	12
Deferred income	26	24
	321	292

No payables fall due after one year.

4. Balance on the Consolidated Fund Account

	2025	2024
	£m	£m
Balance on Consolidated Fund Account at 1 April	167	173
Net Revenue for the Consolidated Fund	3,843	3,660
Less amount paid to the Consolidated Fund	(3,812)	(3,666)
Balance on Consolidated Fund Account at 31 March	198	167

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.

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"⁸. 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 BBC iPlayer and S4C.

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 how licence fee income is collected; and the BBC Group Annual Report and Accounts which sets out how the BBC spends 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 2024-25. 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 2024-25 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 increased in 2024-25 for the first time since 2021-22.** In 2024-25, net licence fee income increased by £183 million (5.0%) to £3,843 million compared with £3,660 million in 2023-24. This rise was mainly due to an increase in the cost of a TV licence. In 2024-25, the licence fee was increased in line with the annual rate of the customer prices index (CPI) to £169.50, a 6.6% increase compared to 2023-24. This was the first increase following a two-year freeze in the cost of a licence fee in 2022-23 and 2023-24 (Figure 1, paragraphs 1.3 and 1.7).

6 **The rise in income from the higher licence fee has been partially offset by a fall in the number of paid-for TV licences.** The number of paid-for TV licences fell by around 314,000 (1.4%) to 22.6 million between 2023-24 and 2024-25. This fall was driven by an increase in customers declaring that they do not need a licence as they do

⁸ [Royal Charter for the continuance of the British Broadcasting Corporation](#), December 2016, Cm 9365, Paragraph 20 (7) (b), accessed June 2025

not watch broadcast television, live streaming services, or use BBC iPlayer. In 2024-25, TVL recorded 3.6 million 'no licence needed' (NLN) declarations. This was an increase of 0.3 million (10.5%) compared to 2023-24. The increase in NLN declarations was lower than in 2023-24 (2024-25: 10.5%, 2023-24: 16.2%). The BBC attributes the slower NLN growth to changing its NLN policy to require more regular NLN declarations as well as TVL's retention and marketing activities (paragraphs 1.3 and 1.4, 2.13 and 2.14).

7 UK broadcasters – including the BBC – are continuing to lose their audience share. The BBC estimates that the proportion of households watching licensable content fell by 1.49 percentage points to 89.96% between 2023-24 and 2024-25. Younger audiences in particular have continued to move away from broadcast TV in favour of subscription video-on-demand services such as Netflix and video-sharing platforms such as YouTube. The BBC reported that the percentage of 16-34 year olds who use the BBC TV/ iPlayer, Radio or Online on average each week dropped to 67% in 2024-25, compared with 71% in 2023-24. In May 2025, the BBC Director-General announced that the BBC will respond to global shifts in audience behaviour and the rise of on-demand viewing by prioritising a digital-first strategy, strengthening its online services like BBC iPlayer, and expanding its content on platforms such as YouTube and TikTok to better engage younger audiences (paragraphs 1.5 and 1.6).

8 In 2024-25, the BBC's main contractor remained behind schedule in delivering IT upgrades. In May 2025, Capita – the BBC's main contractor for TV licensing – was, on average, 19 months behind schedule on its programme to upgrade TVL's IT systems. In addition, TVL now expects the new website for customers to be in service by Spring 2026, at least nine months later than expected when I last reported in July 2024. The BBC and Capita expect to agree a new timetable, including new delivery milestones, shortly as part of a 'commercial reset'. (paragraphs 1.11 to 1.13)

Maximising licence fee income

9 Estimated licence fee evasion has increased to 12.52% in 2024-25. Evasion increased by 0.48 percentage points compared with the restated estimate of 12.04% for 2023-24. This represents up to £550 million of lost income to the BBC. The BBC did not set a target for evasion in 2024-25. It expects that its strategies to combat evasion will take time to embed (Figure 1, paragraph 2.2 and 2.4).

10 The BBC's analysis suggests that the increase in evasion is primarily due to a reduction in customers consumption of BBC and other licensable content. Households watching a lower level of licensable content are less likely to see the value in purchasing a TV licence and therefore are more likely to evade. In addition, the BBC's analysis found that the increase in evasion could be partially explained by some households not having a good understanding of the range of services the licence fee facilitates and funds. The BBC plans to improve households understanding of the licence fee through customer communications (paragraph 2.3).

11 The BBC has successfully streamlined applying for a free over-75 licence for eligible customers. In January 2025, the BBC successfully launched a new automated link with the DWP to allow it to check if a household occupant over the age of 75 is entitled to a free licence due to pension credit. Between 15 January 2025, when the link was launched, and 31 March 2025 the link had been used to check eligibility over 50,000 times. In 2025-26, the BBC plans to make further improvements to the automated link and increase its functionality (paragraph 2.5).

12 The BBC is expanding its support for households struggling to pay the licence fee. Since 2020, the BBC has offered the simple payment plan (the plan) to support customers in severe financial hardship. The plan allows eligible customers to pay for their TV licence in smaller, equal instalments across a 12-month period, monthly or fortnightly. Following a successful trial in late 2024, the BBC is planning to roll out an expansion to its eligibility criteria for the plan in 2025-26. The expanded criteria will enable a wider range of debt-advice organisations who are not charities, such as local authorities, to provide referrals to the plan. The BBC forecasts that this expansion will lead to around 9,000 additional customers per month joining the plan. This is part of the BBC's response to the 2023 Gender Disparity review, which has led to a reduction in the proportion of women prosecuted for evasion of 1% in 2024-25 compared to 2023-24. (paragraphs 2.6, 2.8 and 2.20).

13 In 2024-25, the BBC expanded its team dedicated to retaining customers. From April 2024, TVL expanded the size of its team dedicated to retaining customers from 15 full-time equivalent (FTE) staff to 30 FTE staff. The team emphasises the value of a licence, both in terms of what the TV licence facilitates (access to live TV and BBC iPlayer) and what it funds (the breadth of BBC services). Between April 2024 and March 2025, the team handled 139,266 calls leading to 10,681 customers remaining licensed. Going forward, TVL continues to explore different ways of engaging customers, including targeting areas with low rates of licensing, and is considering whether to further expand the size of the retentions team (paragraphs 2.12 and 2.13).

14 The BBC has a duty to enforce payment of the licence fee and has increased the number of visits to properties where there is no record of a licence. In 2024-25, Visiting Officers carried out nearly 2 million visits to unlicensed households, an increase of around 50% compared to 2023-24. This was due to an increase in the average number of Visiting Officers (2023-24: 172, 2024-25: 229) and the average number of visits per Officer (2023-24: 7,660, 2024-25: 8,670). However, there has not been a matching increase in the number of households being interviewed under caution or purchasing a licence following a visit. The BBC has assessed that there are several factors that may be contributing to this pattern, for example different ways of consuming licensable content can make evasion harder to detect. Prosecutions also reduced by 17.3% in the year to December 2024 compared to the year to December 2023. The number of people convicted of licence fee evasion has fallen each year since the year ending December 2017. This long-term trend reflects an increase in licence fee sales to first time offenders and a reduction in interviews under caution. (paragraphs 2.15 to 2.18).

15 The BBC is preparing for the Charter review process, ahead of the end of the current Charter in December 2027. The Royal Charter for the continuance of the BBC is granted for a 10-year period. The current Charter ends on 31 December 2027. The Department for Culture, Media and Sport expects that it will publish its terms of reference for the Charter review and options for consultation in Autumn 2025. In March 2025, the BBC launched “Our BBC, Our Future” – an online questionnaire for every BBC account holder in the UK to help understand what audiences want from the BBC now and in the future. The BBC expects to use the results of the consultation to inform its discussions with government as part of the Charter review process (paragraphs 2.22 and 2.23).

Comptroller and Auditor General’s conclusion

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

- the Television Licence Fee Trust Statement 2024-25 which sets out licence fee income collected;
- the BBC Group Annual Report and Accounts 2024-25 which sets out how the BBC spends its income, including that derived from the licence fee, and records the costs of collecting the licence fee; and
- BBC and TVL documents, and interviews with their staff.

17 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 2024-25 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.

18 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 TV 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.

19 Like all UK broadcasters, the BBC faces challenges in maintaining its audience share as consumption patterns change, and particularly as younger audiences switch to online platforms. Although licence fee income increased in 2024-25 due to the increased cost of the licence fee, this was partially offset by a fall in the number of paid-for TV licences. The number of households who declared that they do not need a licence as they do not watch licensable content has continued to increase, as has the estimated evasion rate, which now represents up to £550 million of lost income to the BBC. The BBC is aiming to increase licence fee sales and customer retention through its value strategy – clearly communicating the value that the TV licence offers, and responding to changes in audience behaviour by strengthening its digital-first approach. In order to secure licence fee income and deliver its future strategy, the BBC needs to convince customers of the value delivered by the BBC and ensure that it delivers licensable content to an increasingly online audience.

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 on BBC iPlayer and S4C. 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 several service providers under the 'TV licensing' (TVL) trademark (Section A3 of the Trust Statement, page 3). All income collected by TVL is paid into the government's consolidated fund, and then paid back to the BBC as a grant by the Department for Culture, Media and Sport. This grant funding supports the provision of BBC TV channels, BBC online services including BBC iPlayer and the BBC website, BBC radio stations, the BBC World Service and apps like BBC News.

Licence fee income in 2024-25

1.3 In 2024-25, net licence fee income rose to £3,843 million, an increase of £183 million (5.0%) compared with £3,660 million in 2023-24 (Figure 1). This is the first annual increase since 2021-22 and follows two years of successive falls in net licence fee income. The two primary factors that impact total licence fee income are licence fee cost and the number of paid-for TV licences. In 2024-25:

- The cost of a TV licence increased by £10.50 (6.6%) from £159 to £169.50.
- The number of paid-for TV licences⁹ fell by approximately 314,000 (1.4%) to 22.6 million. In addition, 825,000 free licences were issued to those aged over 75, an increase of 50,000 (6.5%) compared to 2023-24.

Overall, in 2024-25, the increase in licence fee income from the rise in the cost of the TV licence was larger than the fall in income due to fewer purchases of paid-for TV licences, resulting in a net increase in TV licence income.

1.4 Licence fee sales are impacted by wider trends in customer behaviours 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 changing viewing behaviour. The BBC reported an increasing number of premises declaring that they do not need a licence as they do not watch broadcast television, live streaming services or use BBC iPlayer. As at 31 March 2025, TVL recorded 3.6 million 'no licence needed' (NLN) declarations – which could be as much as £617 million of additional income for the BBC if these households chose to buy a licence in order to watch licensable content. This marked an increase of 0.3 million NLN declarations (10.5%) compared with 2023-24. This rise in NLN declarations was lower than the 16.2% increase seen in 2023-24 (Figure 1). The BBC attributes the slower NLN increase to changes in its NLN policy as well as TVL's retention and marketing activities.

⁹ The number of paid-for TV licences excludes the accommodation for residential care (ARC) concessionary TV licences.

Figure 1**Key trends in licence fee uptake, 2020-21 to 2024-25**

The BBC's licence fee income increased in 2024-25 after falling for two years in a row, while the number of licences in force continued to fall

	2020-21	2021-22	2022-23	2023-24	2024-25
Licence fee income	£3,747mn	£3,800mn	£3,740mn	£3,660mn	£3,843mn
Licences in force ¹	25.28mn	24.71mn	24.37mn	24.10mn ³	23.79mn
Estimated proportion of households watching licensable content (annual average, BARB Establishment Survey)	93.02% ²	92.48%	91.54%	90.19%	-
Estimated proportion of households watching licensable content (annual average, BARB Panel) ⁴	-	-	-	91.45%	89.96%
Estimated evasion rate (annual average, BARB Establishment Survey)	7.58% ²	9.38%	10.58%	11.30%	-
Estimated evasion rate (annual average, BARB Panel)	-	-	-	12.04%	12.52%
No licence needed declarations	2.42mn	2.48mn	2.84mn	3.29mn	3.64mn

NOTES

1. 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).
2. For 2020-21 COVID-19 prevented the Broadcasters Audience Research Board (BARB) from completing its survey and therefore the figures for the percentage of households watching licensable content and related evasion rate were based on estimated figures.
3. The 2023-24 licences in force have been restated due to a system error in the calculation of cash scheme licences.
4. From 2024-25, the BBC has changed how it estimates the proportion of households watching licensable content and therefore how it estimates evasion. Prior to 2024-25, it used the BARB Establishment Survey (**Figure 2**). From 2024-25, it has determined that the BARB Panel provides a more robust estimate of the proportion of households watching licensable content. It has restated its estimate of the 2023-24 estimated proportion of licensable households and the corresponding evasion rate to allow for comparison between 2023-24 and 2024-25.

Source: National Audit Office analysis of BBC documents

1.5 UK broadcasters are continuing to lose their audience share. The BBC estimates that the proportion of households watching licensable content – the 'Reach of Licensable Content'¹⁰ – using the most recently published data from the Broadcasters Audience Research Board (BARB) panel. This proportion fell by 1.49 percentage points from restated 91.45% annual average for 2023-24 to 89.96% annual average for 2024-25 (**Figure 1**). Ofcom reports that year on year, fewer customers watch broadcast television, while online services are increasingly important to maintaining market share. We estimate, based on annual Ofcom reporting¹¹, that average daily viewing of broadcast TV, including through online platforms such as BBC iPlayer, fell by around 6 minutes (4%) to 2 hours and 35 minutes between 2022 and 2023. In 2024-25, 22% of weekly average viewing of BBC content was viewed through BBC iPlayer, an increase compared to 17% in 2023-24. Enders Analysis, a media sector research firm, forecast that between 2024 and 2030, average daily broadcast viewing will fall by around 6% from 58% of all video viewing (149 minutes) to 54% of all video viewing (140 minutes). This trend may lead to fewer people watching licensable content, and a reduction in licence fee sales in the medium-term.

1.6 Younger audiences have continued to move away from broadcast TV in favour of subscription video-on-demand services such as Netflix and video-sharing platforms such as YouTube. The BBC reported that its weekly reach among 16-34 year olds dropped to 67% in 2024-25 compared to 71% in 2023-24. Younger audiences are also much more likely to view BBC content online. In 2024-25 half of the BBC content viewed by audiences aged 16-34 was viewed on BBC iPlayer. In a speech in May 2025, the BBC Director-General announced that the BBC

¹⁰ Prior to 2024-25, the 'Reach of Licensable Content' was known as the 'TV penetration rate' or 'TVP'.

¹¹ Ofcom, Media Nations 2024: UK, July 2024

will respond to global shifts in audience behaviour and the rise of on-demand viewing by prioritising a digital-first strategy, strengthening its online services like BBC iPlayer, and expanding its content on platforms such as YouTube and TikTok to better engage younger audiences.

1.7 As I reported last year, in April 2024 the licence fee was increased in line with the annual rate of the consumer prices index (CPI) in September 2023, to £169.50, a 6.6% increase on 2023-24 (£159). This was the first increase in the licence fee following a two-year freeze in the cost in 2022-23 and 2023-24. The BBC estimated that increasing the licence fee led to around 34,000 fewer licence purchases in 2024-25 compared to the prior year. This was a much smaller impact than the BBC initially forecasted. Overall, the BBC estimates that the increase in the price of the licence fee in 2024-25 has led to increased revenue of £231 million.

1.8 From 1 April 2025, the licence fee increased based on the annualised average CPI from October 2023 to September 2024, to £174.50, a 2.9% increase on 2024-25 (£169.50). The BBC does not expect this price rise to cause fewer people to purchase a licence, however, it plans to closely monitor key metrics such as renewals to identify any impacts. The licence fee will continue to rise on 1 April each year in line with the CPI until the end of the current charter period in December 2027.

1.9 Licence fee income is lower in real-terms in 2024-25 compared to 2021-22 due to the licence fee freeze in prior years and falling numbers of paid-for TV licences. Due to this real-terms fall and the impact of inflation, the BBC continues to progress its multi-year saving and investment plan to the end of the Royal Charter period in 2027-28 to deliver its strategic priorities. In 2024-25, the BBC reported that it had delivered cumulative annual savings of £564 million and has an ambition to reach annual savings in excess of £700 million by 2027-28. The BBC expects its savings and investment plan will enable it to invest in content and digital products to improve its user experience as well as managing cost pressures due to the licence fee settlement and inflation.

Licence fee collection

1.10 In 2024-25, the BBC spent £166 million or 4.3% of licence fee income on collection, compared with £145 million (4.0%) of licence fee income in 2023-24. The main causes of the cost increase are: higher levels of communications and marketing activity; a growing number of unlicensed households only reached by mail; and higher postage costs due to inflation. The BBC expects the cost of collection to continue to increase in 2025-26. The BBC is taking steps to minimise collection costs, for example by issuing 60.2% of licences electronically as of March 2025 – an increase from 57.2% in 2023-24.

1.11 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 Capita was many months behind the agreed timetable for upgrading the legacy IT systems and estimated that work would be completed by December 2025 – 18 months later than originally planned. In addition, I reported that the BBC rated the upgrade as a 'red' risk as issues with Capita's third-party supply chain meant that there was a significant risk of failure.

1.12 In December 2024, the BBC downgraded the Capita delivery risk from 'red' to 'amber-red' due to progress achieved against some key milestones. However, by May 2025, the IT upgrade project remained significantly behind schedule, with an average delay of 19 months across the project. The BBC now estimates that the majority of the work will be completed by April 2026. The BBC has continued to monitor Capita's IT upgrade work closely and to renegotiate payment schedules based on delivery of contracted commitments. The BBC and Capita expect to agree a new timetable, including new delivery milestones, shortly as part of a 'commercial reset'.

1.13 TVL expects a new website for customers to be in service by Spring 2026, at least nine months later than expected when I last reported in July 2024. The BBC told us that the delays are primarily due to the complexity of the website development project. 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.

1.14 The BBC works with its contractors who provide TVL services to ensure that internal processes are followed and that there is good quality management in place. This includes evaluating contractors' performance against KPIs and carrying out a series of internal audits each year to assess the quality of contractors' processes and controls and their compliance with these. Where deficiencies in processes and controls are identified, the BBC and its contractors work together to put in place mitigations. In its Trust Statement on page 12, the BBC concluded that there are adequate governance and risk management arrangements in place to ensure continuous improvement.

1.15 Last year, I noted that TVL's systems were retaining personal data for longer than necessary. The BBC has reported in its Trust Statement (page 12) that Capita has implemented a programme of remediation to facilitate compliance with the TVL data retention policy. The BBC has informed us that most areas are now compliant, except for two systems—the licensing records and campaign management databases—which still hold data that cannot yet be removed due to a data corruption risk. These remaining issues are expected to be resolved once the current IT upgrade is complete. BBC told us that Capita intends to achieve full data retention compliance once it is feasible to do so.

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 for the BBC. The BBC carries out a range of activities to reduce evasion including targeted support for customers facing financial hardship and encouraging customers to purchase a licence, as well as enforcing the licence fee in line with its legal duty.

Licence fee evasion

2.2 The BBC estimates that licence fee evasion in 2024-25 was 12.52%. Evasion increased by 0.48 percentage points compared with its restated estimate of 12.04% for 2023-24 (**Figure 2**). This represented around £550 million of lost income to the BBC. The BBC did not set a target for evasion in 2024-25, however evasion was lower than forecasted at the beginning of the year.

2.3 The BBC's analysis shows that the primary factor behind the increasing estimated evasion rate is a reduction in customers' consumption of the BBC and other licensable content. Households watching a lower level of licensable content are less likely to see the value in purchasing a TV licence and therefore are more likely to evade. In addition, the BBC's analysis found that the increase in evasion could be partially explained by some households not having a good understanding of the range of services the licence fee facilitates and funds. The BBC plans to improve households understanding of the licence fee through enhanced customer communications.

2.4 The BBC has several strategies aimed at reducing evasion and encouraging the take up of TV licences. However, it expects that its work to reduce evasion will take some time to embed, and that evasion will remain at or above current levels in 2025-26.

Figure 2

How the BBC calculates the level of licence fee evasion

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

Residential households (households) make up more than 90% of licensable premises and are therefore the most important component in estimating evasion. We set out here the process for estimating evasion in households. Licensable premises also include premises such as businesses, hotels and care homes. A similar process is followed for each of these premise types in order to estimate evasion.

The BBC estimates evasion in households through four key steps.

1. The BBC estimates the total number of possible licensable households in the UK

The Office of National Statistics' (ONS) have data on different types of households. Using ONS data the BBC estimates that there were nearly 28.7 million possible licensable residential households.

2. The BBC estimates the proportion of licensable households which need a licence

The BBC then estimates the proportion of households that need a licence. This is known as the Reach of Licensable

Content (ROLC)¹².

The BBC uses data from the Broadcasters Audience Research Board (BARB, a research company that specialises in collecting data about who watches what, and how) to estimate the proportion of residential households need a licence based on their viewing habits. In previous years, the BBC has used the results of the BARB establishment survey to estimate the proportion of residential households that need a licence. However, in 2024-25, the BBC changed its source of measurement from the establishment survey to the BARB panel as it has assessed that this allows for a more robust estimate of the proportion of households that require a licence. This data is then used to calculate an average ROLC for the year.

The BBC provides additional detail about this change in its Trust Statement on page 7.

The BBC estimates that around 89.96% of domestic households should have a TV licence in 2024-25.

3. The BBC estimates the number of households that require a licence

The BBC estimates the total number of households that require a licence. The BBC multiplies the total estimated number of licensable households by the ROLC to estimate the total number of households that require a licence.

The BBC estimates that 25.9 million households required a licence in 2024-25.

4. The BBC estimates the evasion rate

The BBC then compares the number of licences in force with its estimated number of households that require a licence in order to estimate the evasion rate.

In 2024-25, the BBC estimated that the evasion rate for all premises, including households, was 12.52%.

Source: National Audit Office analysis of BBC documents

Support to customers struggling to pay

2.5 In January 2025, the BBC successfully launched a new automated link with the Department for Work & Pensions to allow it to check if a household occupant over the age of 75 is entitled to a free licence due to being in receipt of pension credit, streamlining the process to assess eligibility for a free licence. The BBC told us that the link was launched later than originally planned due to the complexity of the project. Between 15 January 2025, when the link was launched, and 31 March 2025 the link has been used to check eligibility over 50,000 times. In 2025-26, the BBC plans to make further improvements to the automated link and increase its functionality.

2.6 Since 2020, the BBC has offered the simple payment plan (the plan) to support customers in severe financial hardship. The plan allows eligible customers to pay for their TV licence in smaller, equal instalments across a 12-month period, monthly or fortnightly. Where a customer fails to make payments against a plan, their licence is revoked.

2.7 As I reported last year, 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. In 2024-25 the team supported 7,550 customers in financial difficulty, including supporting 2,936 eligible customers to use the simple payment plan.

2.8 The BBC is expanding eligibility for the simple payment plan following a successful trial in 2024. Prior

¹² The BBC replaced the term 'TV penetration rate' with the term 'Reach of Licensable Content' (ROLC) as it has assessed that the term 'TV penetration rate' no longer accurately reflects how audiences view licensable content, which can also be through devices other than televisions.

to December 2024, to be eligible for the plan, a household must have been without a current licence, have had an enforcement visit by TVL or sought advice from a debt-advice charity. For 2025-26, the BBC is planning to roll out an expansion to its eligibility criteria for the plan. The expanded criteria enable a wider range of debt-advice organisations who are not charities, such as local authorities, to provide referrals to the plan. The BBC forecasts that this will lead to around 9,000 additional customers per month joining the plan.

2.9 The number of people using the simple payment plan increased by 10.2% from around 260,000 in February 2024 to around 287,000 in February 2025. This means that 1.2% of the licensed population pay using the plan, a slight increase from levels in 2023-24 (1.1%). The BBC estimates that the increased use of the plan is due to several factors including changes to its communication strategies with households eligible for the plan and training provided to agents in its contact centres to better support eligible customers.

2.10 Given the criteria for joining the simple payment plan, the BBC considers it unsurprising that a relatively high proportion of customers struggle to pay for the plan and stay licensed. However, there are signs of improvement. Of the people who started on the plan in January 2024, 46.6% were still using it one year later, compared to 42.3% in the previous year, indicating a reduction in attrition. The BBC told us that one of the main factors in the reduced attrition is that an increased number of customers are using the self-service portal to make payments towards the plan, which is easier to use than cash payment schemes.

2.11 Wescot Credit Services Limited (Wescot) took over the operations of the simple payment plan from March 2025. As I reported last year, the new contract will include: campaigning and customer segmentation; technology; customer insight; analytics and management information. The BBC expects that the new contract will increase the number of people who manage to stay licensed by continuing to pay on a plan past initial enrolment. As the contract only began in March 2025, it is too early to assess Wescot's performance against the BBC's expectations.

Encouraging customers to buy a licence

2.12 The BBC's licence fee collection strategy is based on clearly communicating the value that the TV licence offers as this is a key determinant of customers' willingness to pay for a licence. In 2024-25, the BBC's communication approach included highlighting the value of a licence, both in terms of what the TV licence facilitates (access to live TV and BBC iPlayer), and what it funds (the breadth of BBC services). The BBC increased its advertising on social media and video online, such as TikTok and YouTube, in order to deliver this messaging as well as carrying out targeted regional marketing in areas with higher rates of evasion. The BBC analyses audience perceptions of the BBC in order to inform its communications and marketing approach. The BBC publishes information from viewers on their perceptions of the BBC's relevance, use of its services, and the value it offers. Around 84% of UK adults engage with BBC TV/iPlayer, radio or online on average each week, a slight fall from 85% of UK adults in 2023-24 (**Figure 3**).

Figure 3

BBC customer metrics, 2020-21 to 2024-25

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

	2020-21	2021-22	2022-23	2023-24	2024-25
% of UK adults who use BBC TV/iPlayer, radio or online on average per week	90%	90%	88%	85%	84%
Length of time UK adults spend with the BBC per head on average per week (hours:minutes)	18:02	17:30	16:41	15:32	15:20
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	77%	86%	79%	75%	85%

Source: National Audit Office analysis of BBC Annual Report and Accounts survey data, 2020-21, 2021-22, 2022-23, 2023-24, 2024-25.

2.13 Following a successful trial in 2023-24, TVL expanded the work of a team dedicated to retaining customers from 15 FTE staff to 30 FTE staff in April 2024. In line with its overall communications approach, the team emphasises what the licence fee facilitates and funds. Between April 2024 and March 2025, the team handled 139,266 calls leading to 10,681 customers remaining licensed. Going forward, TVL continues to explore different ways of engaging customers and is considering whether to further expand the size of the team.

2.14 From April 2024, the BBC has required households which have declared that they do not need a licence to confirm annually that the declaration of ‘no licence needed’ remains correct. Prior to April 2024, the confirmation process was required every two years. However, BBC research suggested that household changes may take place more regularly than this. The BBC assessed that the change to annual confirmation, together with enhanced communications and marketing, led to around £13.5 million in additional income in 2024-25.

Enforcing the Licence Fee

2.15 Under the Communications Act 2003, the BBC has a legal duty to collect and enforce the licence fee. This includes enforcement activities and prosecution for evasion, where appropriate. 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.

2.16 There has been a significant increase in the number of visits by Visiting Officers in 2024-25. Visiting Officers visit properties where there is no record of a licence at the address and there has been no response to communications from TVL. In 2024-25, the total number of visits increased by around 50% from 1,314,000 to 1,983,000. This increase has been driven by:

- **An increase in the number of Visiting Officers.** Last year I reported that between 31 March 2023 and 31 March 2024 the average full-time equivalent (FTE) number of Visiting Officers was 172 - below the 233 field force Capita is contracted to supply. Between 31 March 2024 and 31 March 2025, on average, the FTE number of Visiting Officers was 229, almost meeting contracted levels.
- **An increase in the average number of visits carried out by each Visiting Officer**— In 2024-25, the

average number of visits carried out by Visiting Officers was 8,670. This was an increase of 13.2% from the average number of visits carried out in 2023-24 (7,660).

2.17 Although the number of visits by Visiting Officers has increased in 2024-25, there has not been a matching increase in households purchasing a licence or being interviewed under caution. The BBC has assessed that there are several factors that may be contributing to this pattern, for example different ways of consuming licensable content can make evasion harder to detect. The BBC continuously tests new approaches to how it selects and manages its field visits to try and maximise their effectiveness.

2.18 The BBC also estimates that TVL took fewer people to court for licence fee evasion in 2024-25 compared to 2023-24. In the year to December 2024 (the most recent available data), the courts convicted 25,550 people of licence fee evasion, a fall of 5,358 people (17.3%) compared to the year to December 2023. The number of people convicted of licence fee evasion has fallen each year since the year ending December 2017. The BBC considers that the two main reasons for this longer-term trend of falling prosecutions is a higher number of first-time offenders purchasing a licence before prosecution and a reduction in the proportion of visits by Visiting Officers that lead to a Record of Interview. 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.

2.19 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 women¹³. 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. This review included a 10-point action plan which was published in May 2023. The 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. In July 2024, the BBC published its first report setting out its progress against the 10 action points.

2.20 The BBC has reported that in the year to December 2024 (the latest available data), the percentage of prosecutions that were women reduced slightly to 73% compared with 74% in the financial year 2023-24. It reported that its progress against the action plan included:

- A trial expanding the eligibility for the simple payment plan for unlicensed households which will now be rolled out in 2025-26 (paragraph 2.11).
- Additional training for Visiting Officers to ensure a deeper understanding of debt and financial hardship to enable them to better support vulnerable customers.
- Increased support for people going through the prosecution process.
- Improved customer communications by simplifying language and lowering the overall reading age to make messages easier to understand.

2.21 The BBC has reported that it has completed the remaining actions on its 10-point action plan and that further activity to try to reduce the number of women prosecuted would be included as part of its ongoing customer care strategy to support everyone, including the most vulnerable, to remain licensed where they need to be.

Charter renewal and the future of the licence fee

2.22 The Royal Charter for the continuance of the BBC is granted for a 10-year period. The Royal Charter is the constitutional basis for the BBC. It sets out the BBC's Object, Mission and Public Purposes. The Charter

¹³ <https://www.tvlicensing.co.uk/about/gender-disparity-AB23>

also outlines the Corporation's governance and regulatory arrangements, including the role and composition of the BBC Board. The current Charter began on 1 January 2017 and ends on 31 December 2027. The Department for Culture, Media & Sport (DCMS) expects that it will publish its terms of reference for the Charter review and options for consultation later in 2025. It intends to confirm its final proposal for the next Charter period by Summer 2026.

2.23 In March 2025, the BBC launched their public consultation, which will run alongside the Charter review process and inform its discussions with government. The first part of this consultation – 'Our BBC, Our future' – invites every BBC account holder in the UK to complete an online questionnaire to help understand what audiences want from the BBC now, and what they want from it in the future. The BBC estimates that one million people will provide feedback through the elements of the consultation on the content they want from BBC, what kind of organisation they want BBC to be, how they feel the BBC is doing now and what the BBC should stand for in the future. The BBC will publish the results of the online questionnaire later in 2025 and will conduct a range of audience research and polling in 2025 and 2026¹⁴.

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General National Audit Office
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30 June 2025

¹⁴ [Our BBC, Our Future - Audiences asked to help shape BBC's future](#)

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 (FReM) 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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