British Broadcasting Corporation

Television Licence Fee Trust Statement

For the year ended 31 March 2026

HC 523

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Television Licence Fee Trust Statement

For the year ended 31 March 2026

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.

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 2025/26 our teams continued to perform well. In line with the BBC funding settlement, the government approved a CPI uplift to £174.50 from 1 April 2025. 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 shrinkage of the addressable market of licensable properties accelerated in 2025/26 leading to a reduction in Licences in Force and revenue. Despite this, TVL has delivered increased net revenue (up 1%) reflecting efforts to encourage people to get and stay licensed.

During the year over one million households were supported through our range of concessionary licences including the number of free licences issued with the new link to the Department for Work and Pensions increasing to its highest level of 827k. The number of households benefitting from our Simple Payment Plan also increased to 308k. We have continued to drive high levels of customer service and customer satisfaction was 4.6 out of 5 for our operations teams.

The estimated evasion rate for 2025/26 is 11.93% compared to the updated rate of 12.29% in 2024/25. This decrease is predominantly driven by the decline in the levels of licensable content consumption. It remains the case that the majority of licensable households pay for their Licence and TVL remains focussed on proportionate, but fair enforcement against evasion.

The BBC's existence is based on the value we provide for audiences and the UK, today and in the future. On average, 94% of UK adults use BBC services each month and 81% every week. We are grateful that audiences continue to value the BBC and remain committed to paying the licence fee with 23.3m licences in force at year end.

The government's current review of the BBC's Royal Charter is an opportunity for reform to secure a universal public service that is fit for the future with a more sustainable funding model that is fair for all. It is right that the government is consulting widely on options, recognising the pressures on both the BBC and household budgets. But the Charter must present a solution. The BBC does not have a fixed view on the model, but it does on the principle. As a public good that belongs to us all, the BBC believes that the best and only safeguard for its public mission is a funding model that is universal – delivering a BBC funded by everyone, for everyone – as a shared investment in the UK.

Matt Brittin

Director-General, BBC

29 June 2026

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 2026.

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 104).

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 and cancellations. The cost of collecting Licence Fees is 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 iPlayer.[1]

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 – Wescot Credit Services Limited
- 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.

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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.

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 get licensed 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).

2025/26 was a challenging year for Licence Fee collection with a higher loss of licences in force than the previous year. The most significant factor was a decline in licensable content consumption which reduced the size of the addressable market (licensable premises). Further information on relevant media consumption trends is given below.

Change in value of licence fee

The government approved an increase by CPI to £174.50 from 1 April 2025. A further annual increase was made to £180.00 from 1 April 2026.

Household growth

We have estimated household growth for 2025/26 at 0.58%, 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 fallen in 2025/26, following successive increases in recent years. Further information on evasion and the estimation methodology is given in section A6.

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 wholly substituted for viewing on other devices all of which are captured by the regulations if used for licensable consumption. A licence covers live viewing and watching or downloading BBC programmes on BBC iPlayer in a household without a limit on the number of devices.

Traditional television viewing is reducing as a result of digital disruption and increased on-demand viewing, but the majority of households are still watching both BBC and non-BBC live TV through traditional channels. An increasing number of households are also watching live TV through on-demand platforms such as BBC iPlayer and ITVX. IPTV-only homes (where the TV content is received through an internet connection rather than a traditional broadcast platform) are increasing and consume less licensable content. Providers of previously on-demand only viewing are now providing live content which is licensable for example live sporting events broadcast and viewed on streaming platforms such as Amazon Prime and Netflix.

The Broadcasters' Audience Research Board (Barb) provides independent data on a representative panel of households using both TVs and non-TV devices to watch television. 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 (RoLC) in UK households.

The average RoLC, is estimated to be 87.22% for 2025/26. This is a decrease of 2.74% on the average annual rate of 89.96% estimated for 2024/25 (prior year decline was 1.49%).

A5 Performance Analysis

Financial Review

The key financial performance measure is the revenue collected, as required by law, to fund BBC services for audiences. This was broadly in line with expectations of revenue published in the Annual Plan.

Gross revenue in the Trust Statement has increased by 0.5% to £4,008m (2024/25 £3,990m). Gross revenue is the value of licences coming into force in the period. Refunds, revocations and credit losses were down 11% at £144m (2024/25 £162m).

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 £3,879m (2024/25: £3,843m). This is 0.9% higher than the prior year due to the increase in the fee partially offset by the reduction in the volume of licences sold. In addition, there has been a write back of provision for Expected Credit Losses following implementation of a new calculation methodology. This increased Net Revenue for the Consolidated Fund by £19m.

Payables have decreased by 0.6% to £319m (2024/25 £321m). The decrease is mainly driven by a reduction in the volume of customers holding monthly Direct Debit licences and the smaller increase in the value of the Licence Fee in 2025/26 compared to 2024/25.

Receivables have decreased by 0.2% to £506m (2024/25 £507m). The expansion of the Simple Payment Plan scheme, with customers paying in arrears, has compensated for reduced volumes on other schemes.

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 is 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 reducing supplier emissions with moves to renewable electricity, decarbonisation of heating systems on long term property leases, field force vehicles only hybrid or fully electric and most suppliers having set science-based targets for carbon reduction. The BBC Annual Report and Accounts includes sustainability reporting: : https://www.bbc.com/aboutthebbc/reports/annualreport.

Sales volume and performance

Table 1 shows the sales volumes for the last five years excluding licences for ARC2. In 2025/26 licences sold were 22,834k, a decrease of 585k from the prior year (2024/25: 23,419k). Free licences under the over 75 (O75) policy were 827k, an increase of 2k.

The table represents Licence Fee sales made during the year including those that are paid for by customers as well as free licences issued to those over 75 and in receipt of Pension Credit. This complements the analysis of Licences in Force in the BBC's Group Annual Report and Accounts which reports the components of the number of Licences in Force at a point in time showing the year end total of 23.3m (2025: 23.8m).

Sales of all licences (including free and concessions) decreased by 576k compared to a decrease of 274k in 2024/25.

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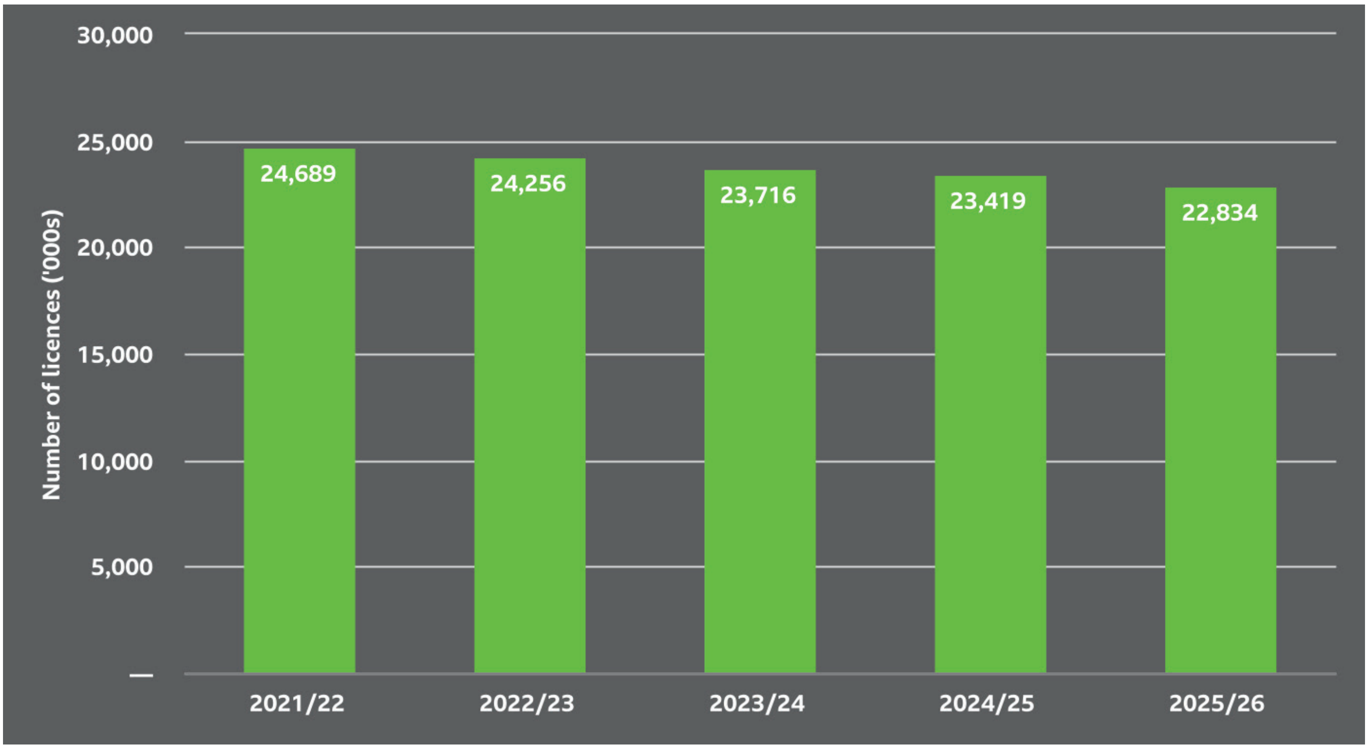
2 ARC licences add an additional 282k free O75 licences and 123k concessionary licences in 2025/26.

Table 1 – Sales volumes ('000s of licences including O75 licences)[3 4]



Performance measures are centred on customer experience to support the key objective of maximising 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

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3 Licence Fee sales in table 1 include the volumes of O75 free licences. 2025/26 – 827k 2024/25 – 825k; 2023/24 – 775k; 2022/23 – 759k; 2021/22 – 765k

4 Sales volumes for each year from 2021/22 to 2024/25 have been adjusted for Cash scheme cancellations that were incorrectly omitted.

working relationships exist between all these companies and the BBC as TVL seeks to improve customer experience and the efficiency of processes.

While the environment for collection is challenging, the operational performance of TVL has been effective.

- The number of visiting officers has been slightly below target across the year, but the number of visits has held up and we continually review the optimal use of the field team including trials of ‘sales only’ and visits to business premises.
- Complaints are kept under close review and in 2025/26 total complaints showed a slight increase reflecting our new campaigns against evasion. Complaints remain at very low levels – only 0.06% of licences in force relate to operational complaints compared to 0.07% last year.
- Customer satisfaction with all our agents (call centre, specialist teams and visiting officers) was maintained at 4.6 out of five in the year.
- During 2025/26 all actions arising from our independent review of gender disparity in prosecutions were completed and reported on in 2025. Consideration of gender impact forms part of assessment of BAU activities.
- We concluded the transition of our Simple Payment Plan scheme to a new provider and increased the number of customers we are able to support to stay licensed through our easiest way to pay. This is now

at its highest level with more customers on regular payment methods making it easier for them to stay licensed.

In September 2025 the Public Accounts Committee took evidence on TVL operations with a focus on our progress on increasing digital efficiency and the mechanic of ‘No Licence Needed’. The BBC has carefully considered the findings and recommendations of the committee and is already improving digital engagement and will continue to look to further improvements that can be made alongside any changes required in the new Charter.

TVL has made continued progress on promoting digital engagement with customers. At the end of 2025/26 over 64% of customers have opted for an e-licence, reducing paper and postage cost (an increase of 2.5% from 2024/25). With the launch of the new website all new customers will be given an e-licence by default reducing paper and postage costs further. We continue to encourage take-up of e-communications from existing customers by including QR codes in renewal notices and other correspondence.

In line with the committee’s recommendation we have considered the regulatory aspects and practicalities of making an e-licence the default position for all customers. While we believe that there is no legal barrier, the practical implementation would require careful communication with existing customers who have not responded to encouragement to move them to e-licences. For vulnerable customers we would need a method for providing alternatives and for some schemes our systems to not allow for storing email addresses. This will be considered again as we implement any changes arising from the new Charter.

Customers are not required to provide an email address, although we use customer engagement (phone calls and field visits) to capture email and phone numbers to improve our methods of contact. During the year TVL carried out a trial of dealing with customer queries through WhatsApp, which is being rolled out more widely as it provides convenience to customers and efficiency in our operations.

We actively encourage No Licence Needed (NLN) declarations where households are legally entitled to make them. This is essential to the legitimacy of the system and supports public trust, while enabling collection activity to be targeted more efficiently. Currently there is no legal requirement compelling a household to register No Licence Needed if they do not need to be licensed. The NLN declaration is a helpful mechanism for both Households and TVL, because it means TVL correspondence is paused for a period of time. This reduces any inconvenience for households in receiving unnecessary post and improves the efficiency of TVL operations by saving on unnecessary postage costs.

Households are currently required to reconfirm their NLN declarations annually to ensure that there has not been a change in viewing at the premises. There may be households incorrectly declaring NLN, when they are potentially still consuming licensable content which is evasion, so these households may still receive communications and be subject to enforcement activity.

A6 Licence Fee Evasion

Licence fee evasion is measured as the difference between Licences in Force and the estimated number of licensable places. Licences in Force 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 estimate of all licensable places is compared with the number of licences in force to calculate an evasion percentage.

A key input to calculation of the evasion percentage is the reach of licensable content (RoLC) which gives the ratio of households that need a licence. The source of RoLC for domestic Households is the Barb Panel, a sample of households selected to be representative of the UK. The panel is currently 7,000 households giving us insight into 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.

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, there is an estimated error range of +/- 0.5% and the evasion rate is significant at zero decimal places, 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. New information on household growth suggests 2024/25 was a slower year for new household builds than previously expected, meaning a fall in the number of estimated domestic premises. The evasion rate for 2024/25 is now estimated to be 12.29% (previously reported as 12.52%).

The evasion rate for 2025/26 is estimated to be 11.93%. This is a 0.36%pt decrease on the revised 2024/25 evasion estimate. This is the first year since 2019/20 to show a decrease in the estimated annualised evasion rate. The decrease is predominantly driven by the decline in the levels of licensable content consumption reducing the addressable market. Households watching no live content on any service and not consuming iPlayer do not need a licence.

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 platforms 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. 2025/26 saw a decrease in the viewing share of BBC TV amongst 16-34s, but it remains their biggest broadcaster. Young audiences continue to spend the majority of their video time with global video sharing platforms (43% of all video time) and subscription or advertising video-on-demand (SVOD/AVOD) services (now at 32%), ahead of UK broadcasters combined (25%). The share of time spent with global sharing platforms and SVOD/AVOD has also increased amongst the 55+ audience, now at 8% for each. SVOD and AVOD consumption is not licensable, as is non-live video sharing consumption.

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 all of the content they enjoy (including non-licensable BBC content such as Radio, Sounds and the website) and the licence fee which funds it. Communications also emphasize that live TV includes live broadcasts on previously on-demand only platforms (eg sporting fixtures on Netflix and Amazon Prime).

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 the range of 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 and infrastructure. We expect the improvements will help people stay correctly licensed by ensuring licensable content and licensing requirements are explained even more clearly, all website journeys will be fully bilingual in Welsh and will be able to support higher volumes of use. It was reported last year that delivery of the new website was behind schedule and not expected to be available until Spring 2026 at the earliest. The inherent complexity has delayed this further and the new website is delayed until the summer. This is being closely managed with regular scrutiny of progress. The current website remains stable.

We completed our 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 factors outside of TVL control (eg more female only households and women being more likely to experience financial hardship than men) lead to more women entering the prosecution process.

TVL is committed to doing more to support those in severe financial difficulty. The DCMS expanded the eligibility criteria for the Simple Payment Plan to allow TVL to offer the scheme to more of those in severe financial hardship to pay, leading to an increase in take up and increased ability of households on this scheme to stay licensed. We continue to engage with the Ministry of Justice and their consultation on the use of the Single Justice Procedure.

We regularly test our procedures for supporting customers and monitor customer satisfaction and complaints for actions we can take to improve our service. We continue to work with the Department for Work and Pensions to improve applications for O75s and are working on simplification and improvements to the ARC licence process. We are in the advanced stages of planning the rollout of a service to provide inbound and outbound calls to customers in British Sign Language.

In 2025/26 the BBC directly supported licence fee costs in over one million households (827k free O75 Licences, 282k ARC licences and 123k concessionary licences).

Matt Brittin

Director-General, BBC

29 June 2026

B. Accountability Report

B1 Basis for the Preparation of the Trust Statement

The HM Treasury accounts direction (see page 104), 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 2025/26. In conforming with the Accounts Direction issued by HM Treasury (see page 104 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 a governance statement 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 2025/26 Trust Statement was £194k (2024/25 £194k) 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 2025/26 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 & Accounts5 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.

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5 https://www.bbc.com/aboutthebbc/reports/annualreport

Since 4 March 2024 and during 2025/26 the chairman was Samir Shah.

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, Matt Brittin, 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. Throughout 2025/26 the Director General was Tim Davie.

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 2025/26. 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. BBC staff also carry out routine sample checks for compliance.

Data and information security

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

The BBC is committed to safeguarding all personal data it processes and to delivering a compliant, consistent approach to data protection and information security. Robust processes are place to ensure all data handled as part of its TV Licensing functions is processed securely and in compliance with applicable requirements.

This includes:

- robust contracts, policies and processes in place with all third party suppliers (and their subcontractors);
- 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 joining, repeated on a two yearly basis. BBC TV Licensing 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 2025/26 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. Capita managed a programme of remediation to remove non-compliant data. Some non-compliant systems remain and require assessment to determine their feasibility for removal to facilitate compliance.

In 2025/26, there were no ICO reportable data incidents or breaches of data security in relation to TV Licensing.

Fraud and whistleblowing

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

The BBC's Whistleblowing Policy enables the anonymous reporting of serious allegations of misconduct and malpractice, including in an editorial setting, in an appropriate and effective way. These allegations can encompass criminal allegations, other breaches of the law or other matters that present a risk of serious harm. Reporting routes include directly into the Whistleblowing Team, via the Director of Quality, Risk and Assurance, though the nominated 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. As I am new in role 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. I am also informed by findings and recommendations arising from the Public Accounts Committee hearing in September 2025 that focused on our progress on increasing digital efficiency, tackling evasion and the mechanic of 'No Licence Needed', and those of 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. Progress against accepted recommendations from internal and external auditors and the PAC is monitored by the Audit and Risk Committee, which held discussions on the plans to address supplier issues with the IT upgrade of TVL systems (a reset plan is being developed to ensure delivery) and also reviewed third party risk appetite.

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

Matt Brittin

Director-General, BBC

29 June 2026

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 2026 under the Exchequer and Audit Departments Act 1921.

The financial statements comprise the:

- Statement of Financial Position as at 31 March 2026;
- 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 2026 and of the net revenue for the Consolidated Fund 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 in respect of the Trust Statement, 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
- I addressed the risk of fraud through management override of controls by testing the appropriateness

of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating 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 63 to 103.

Gareth Davies 01 July 2026
Comptroller and Auditor General

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 2026

		2026	2025
	Note	**£m**	£m
Revenue			
Value of licences		**4,008**	3,990
Value of refunds		**(47)**	(47)
Value of revocations		**(48)**	(49)
Value of premiums on quarterly direct debits		**15**	15
Net revenue		**3,928**	3,909
Less expenditure			
Credit losses and cancellations	2.2	**(49)**	(66)
Net Revenue for the Consolidated Fund		**3,879**	3,843

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 53 to 62 form part of this statement.

Statement of Financial Position

As at 31 March 2026

	Note	**2026**	2025
	Note	**£m**	£m
Current assets			
Receivables	2.1	**506**	507
Cash held for customers on savings schemes		**11**	12
Total assets		**517**	519
Current liabilities			
Payables	3	**(319)**	(321)
Total net assets		**198**	198
Represented by:			
Balance on consolidated fund Account as at 31 March	4	**198**	198

The notes at pages 53 to 62 form part of this statement

Matt Brittin

Director-General, BBC

29 June 2026

Statement of Cash Flows

For the year ended 31 March 2026

		2026	2025
	Note	**£m**	£m
Net cash flow from operations	A	3,878	3,812
Cash paid to the Consolidated Fund	4	(3,879)	(3,812)
Increase / (Decrease) in cash in the period		(1)	–
Notes to the Cash Flow Statement			
A: Reconciliation of Net Cash Flow to Movement in Net Funds			
Net revenue for the consolidated fund		3,879	3,843
(Increase)/Decrease in receivables		1	(60)
Increase/(Decrease) in payables		(2)	29
Net cash flow from operations		3,878	3,812
B: Analysis of Changes in Net Funds (cash held for customers on savings schemes)			
Decrease in cash in this period		(1)	–
Net funds at 1 April		12	12
Net funds at 31 March		11	12

Note that the closing balance of Net funds at 31st March above (£11m) is held at a commercial bank.

The notes on pages 53 to 62 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 policies 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:

- Lack of exchangeability (amendments to IAS 21). This amendment provides guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

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, credit losses and cancellations.

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 Refund, 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 or cancelled their licence for another reason.

The value of outstanding instalment payments written off and cancellations are shown as expenses in the Statement of Revenue and Expenditure. Refunds 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 Consolidated Fund.

1.8 Impairment of Receivables

As required by the FReM, the principles of IFRS 9 are applied to assess an expected credit loss for licence fee receivables, 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 reflected as a credit loss during the year. A provision for future impairments is estimated based on historic default rates, adjusted if necessary for any changes in future impairment expectations. 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

		2026	2025
	Note	£m	£m
Amounts due at 31 March			
Licence fee receivables		504	499
Cash in transit		16	41
Total before estimated impairments		520	540
Less estimated impairments	2.3	(14)	(33)
Total receivables		506	507

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

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

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

2.2 Credit losses and cancellations

		2026	2025
	Note	£m	£m
Credit losses and cancellations			
Credit losses in year		(14)	(66)
Cancellations		(54)	–
Change in the value of expected credit loss impairment	2.3	19	–
Total credit losses and cancellations		(49)	(66)

Credit losses are debts 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. Other cancellations occur when a customer no longer needs a licence, for example if they have moved home or have become registered as an NLN customer.

2.3 Change in the value of expected credit loss impairment

		2026	2025
	Note	**£m**	£m
Change in value of impairments			
Balance as at 1 April		(33)	(33)
Change in estimated value of impairments	2.3	19	–
Balance as at 31 March		(14)	(33)

Receivables in the statement of financial position are reported after the deduction of the estimated value of impairments. This estimate is based on default rates for each payment scheme 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. The expected credit loss impairment estimate has reduced by £19m in 2025/26 due to a change in the estimation methodology to assess default rates by scheme.

3. Payables

	2026	2025
	£m	£m
Amount due at 31 March		
Licence fee payables	**280**	283
Customer savings	**11**	12
Deferred income	**28**	26
Total payables	**319**	321

No payables fall due after one year.

4. Balance on the Consolidated Fund Account

	2026	2025
	£m	£m
Balance on Consolidated Fund Account at 1 April	**198**	167
Net Revenue for the Consolidated Fund	**3,879**	3,843
Less amount paid to the Consolidated Fund	**(3,879)**	(3,812)
Balance on Consolidated Fund Account at 31 March	**198**	198

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 Direct Debit, Cash schemes, Simple Payment Plan and the Paygo scheme.

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 British Broadcasting Corporation's (the BBC's) Royal Charter requires that the BBC Board ensures its arrangements for collecting licence fees are "efficient, appropriate and proportionate".6 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.

2 The BBC works with several companies to collect licence fees under the banner of its 'TV Licensing' (TVL) trademark. The BBC has a dedicated team to oversee its contractors, set policy and lead on marketing. This team

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6 Royal Charter for the continuance of the British Broadcasting Corporation, December 2016, Cm 9365, Paragraph 20 (7) (b), accessed June 2026

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 provides an annual estimate of licence fee evasion; 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 2025-26. 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 2025-26 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 by less than 1% in 2025-26, with the rise in the price of a TV licence just offsetting a fall in sales of paid-for TV licences. In

2025-26, net licence fee income increased by £36 million (0.9%) to £3,879 million compared with £3,843 million in 2024-25. The rise was due to an increase in the price of a TV licence in line with the annual rate of the consumer prices index (CPI) to £174.50 in 2025-26, a 2.9% increase compared to 2024-25. This was largely offset by a 2.6% fall in the number of paid-for TV licences to 22.0 million, continuing a downward trend (paragraphs 1.3 to 1.5 and Figure 1).

6 Licence fee sales are impacted by wider trends in customer behaviours. The decrease in households paying for a TV licence corresponds with a continued decline in the number of people watching licensable content. TV viewing habits are increasingly divided by age; less than 20% of 16-24-year-olds' in-home viewing is now of content from UK broadcasters (as distinct from video sharing platforms, or subscription or advertising funded video-on-demand services), compared to 90% for those aged 75 and over. 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 63% in 2025-26, compared with 67% in 2024-25 (paragraphs 1.6 to 1.7 and Figure 1).

7 The cost of collecting the licence fee increased to 4.9% of licence fee income in 2025-26 and will rise further. Collection costs increased to £190.5 million (4.9% of income) in 2025-26, from £165.6 million (4.3%) in 2024-25. The BBC told us this was due mainly to undertaking higher levels of marketing, a rise in postage costs due to inflation and an increase in households that can only be reached by post. The BBC expects the cost of collection to increase further in 2026-27, for reasons including increases to contractor costs and campaigns to increase sales. The BBC is taking steps to minimise collection costs, for example 64.3% of licences were issued electronically at March 2026 – an increase from 60.2% at March 2025 (paragraphs 1.8 to 1.9 and Figure 2).

8 The BBC has extended its contract with Capita for a further three years to 2030. The BBC considers this offered the best option in terms of cost and stability for collecting the licence fee in the short term, enabling it to focus resources on effectively planning the transformation of the service and to run a strategic procurement once Charter outcomes are known. The extension will cost significantly more than the current contract over the three-year period, which the BBC attributes to inflationary increases and the relatively short contract term. As part of a previous extension to Capita's contract in July 2022, the BBC agreed that Capita would deliver an IT upgrade programme. Despite oversight by the BBC, Capita has missed multiple 'go-live' dates for the new TVL website. The BBC now estimates that the website will be ready during late summer 2026, over a year later than planned (paragraphs 1.10 to 1.13).

Maximising licence fee income

9 Despite the BBC's actions to maximise licence fee income, it still expects to need to make significant cost reductions in future years. The long-term decline in broadcast TV viewing is reducing licence fee sales and the sustainability of BBC funding. The BBC estimated that, in 2024-25, there had been a £1.2 billion reduction in real-terms income since the start of the Charter in 2017. In February 2026, the BBC announced a new target to achieve 10% cost savings in its licence fee-funded activities by March 2029. This is in addition to the continuing plan to deliver £700 million of annual recurring efficiency and transformation savings by March 2028 (paragraphs 1.4 to 1.6 and Figure 3).

10 The BBC is seeking to increase uptake and support for its services by demonstrating its value to audiences. As part of its Value for All strategy, the BBC has increased its marketing and communications spending, with a strategy focused on highlighting the value of the TV licence and explaining what it pays for. In 2025-26 the BBC increased its advertising spend on platforms such as TikTok and YouTube. It also undertook targeted marketing campaigns, resulting in around 3,000 more licences and £0.5 million in revenue for the BBC (paragraphs 2.3 and 2.4).

11 The number of premises making a 'no licence needed' (NLN) declaration increased again in 2025-26, although research indicates that some of these premises continue to watch BBC content. At 31 March 2026, the BBC recorded 3.7 million NLN declarations, an increase of 62,000 (1.7%) compared to 2024-25. This was a lower increase compared to 10.5% in 2024-25, which the BBC attributes to its work to verify NLN declarations. In 2025-26, the BBC started using third-party data to help identify and encourage compliance among premises that appear to be using iPlayer, generating around £0.6 million in additional revenue in 2025-26. However, BBC research indicated that, in 2024, around half of those declaring NLN committed evasion by continuing to consume licensable content without paying for a licence. If these people had purchased a licence, this would have yielded up to £323 million of additional income for the BBC in 2025-26 (paragraphs 2.6 and 2.9 to 2.10).

12 The BBC calculated that licence fee evasion decreased marginally to 11.93% in 2025-26 (12.29% in 2024-25, restated), although this was not necessarily due to the BBC's enforcement activity. Instead, the decrease was primarily driven by a fall in the proportion of households watching licensable content (87.22% in 2025-26 compared to 89.96% in 2024-25), meaning fewer households were legally required to hold a licence. As a result, while the headline evasion rate fell, this is largely due to changes in viewing habits rather than the effectiveness of the BBC's enforcement activity. Total household visits by TVL officers were down by 7% in 2025-26, driven by a decrease in visiting officers and the number of visits carried out by each officer. Estimated evasion represented around £525 million of lost income to the BBC. The BBC does not have a single measure of the return on investment from its evasion activities. It told us that it is difficult to establish causal links between individual activities and licence purchases, and that any such measure would not capture the deterrent effect of its initiatives (paragraphs 1.6, 2.7 to 2.10 and 2.17 to 2.20).

13 The BBC has continued to increase support for customers struggling to pay for a TV licence. In 2025-26, the BBC expanded eligibility for its instalment-based ‘Simple Payment Plan’ (the plan) by inviting certain unlicensed households to join the plan. In March 2025, the BBC transferred operation of the plan to Wescot Credit Services, with some early signs of success. For example, in its first year operating the plan, Wescot delivered a 16.4 percentage point increase in recurring payment plans being set up. Working with the Department for Work and Pensions, the BBC has streamlined the application process for free licences to over-75s in receipt of pension credit. In 2025-26, the first full year of operation, 246,000 automated eligibility checks were completed. This supported more efficient renewal of free licences and faster identification of cases where eligibility has changed and a paid-for licence may be required (paragraphs 2.11 to 2.16).

14 The Committee of Public Accounts (PAC) has called on the BBC to modernise licence fee collection, recommending the BBC updates its enforcement approach, increase digitalisation and improve customer engagement. In 2025, PAC found that the BBC was not doing enough to enforce licence fee collection. It recommended the BBC modernise its approach to collection and enforcement and improve transparency over its performance. At March 2026, the BBC reported an increase of 4.1 percentage points in licences issued electronically and confirmed that its website will start to issue e-licences by default, once the delayed upgrade is complete. However, the BBC rejected PAC's recommendation to set targets. It said that it encourages NLN declarations so it can better understand consumer behaviour, and that evasion rates are difficult to predict due to factors partly outside its control, such as viewing habits and technological change (paragraphs 2.21 to 2.22 and Figure 4).

15 The BBC Royal Charter will end on 31 December 2027 and is currently under review. The Charter has previously been granted for around 10 years and is the constitutional basis for the BBC that sets out its object, mission and public purposes. The Charter review could result in a new licensing model, which would require the BBC to assess the suitability of its current approach to future licence fee collection. The government published a green paper on the Charter review on 16 December 2025, along with a public consultation on its proposals which closed on 10 March 2026. After considering the responses to the consultation, the government will set out its preferred policy direction for the BBC in a white paper, with publication expected later this year. In 2025-26, the BBC reported that 94% of UK adults used BBC services monthly, but fewer than 80% of households contributed financially. In its response to the Charter review, the BBC stated that the current funding and regulatory model need reform to support a universal, sustainable public service broadcaster in future (paragraphs 2.23 to 2.26).

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 2025-26 (the Trust Statement), which sets out licence fee income collected and the BBC's estimated rate of evasion;
- the BBC Group Annual Report and Accounts 2025-26, 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 2025-26 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:

- the figures in 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 The BBC reports that the proportion of premises and households using licensable content has fallen to a record low of 87.22%, reflecting audiences' continued shift from broadcast television to streaming services. Licence fee evasion remains a significant challenge; the BBC estimates that around half of those declaring they do not need a licence are likely to be evading payment. Together, declining consumption of licensable content and persistent evasion continue to reduce licence fee sales and income.

20 PAC concluded, in 2025, that the BBC must administer a system that is fair to those who pay, noting that around one in eight BBC users do not contribute. PAC also recommended that the BBC modernise its collection and enforcement approach and improve transparency over performance. These challenges come at a time when the BBC faces rapidly changing audience behaviour, falling licence fee income in real terms, rising collection costs, and the imminent review of the Charter and licence fee. In this context, the BBC needs to secure better value from the current model by increasing licence fee take-up, strengthening compliance, and controlling costs. The next Charter will determine the BBC's future funding model, making it essential that current improvements set the framework for higher compliance and more cost-effective collection over the longer term.

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 live TV programmes on an online TV service must be covered by a TV licence. A licence is also required to watch all BBC content on BBC iPlayer. Residential households, businesses, hotels and student accommodation are all included in those needing a licence. The BBC is responsible for issuing TV licences, collecting licence fee revenue and enforcing the licensing system.

1.2 To collect the licence fee, the BBC contracts with several service providers under the 'TV licensing' (TVL) trademark (Section A3 of the Trust Statement, page 6). TVL pays all collected income into the government's consolidated fund, and the Department for Culture, Media and Sport returns it to the BBC as a grant. This grant funding supports the provision of BBC TV channels, BBC radio stations, BBC online services including BBC iPlayer, the BBC website and BBC Sounds, BBC apps including BBC News and BBC Sport, and the BBC World Service (which receives additional direct funding from the Foreign, Commonwealth & Development Office).

Licence fee income in 2025-26

1.3 In 2025-26, net licence fee income rose to £3,879 million, up £36 million (0.9%) from £3,843 million in 2024-

25 (Figure 1). This is the second successive annual increase after two years of decreasing net licence fee income. The two primary factors that affect total licence fee income are the licence fee price and the number of paid-for TV licences. In 2025-26:

- The price of a TV licence increased by £5.00 (2.9%) from £169.50 to £174.50.
- The number of paid-for TV licences fell by approximately 587,000 (2.6%) to 22.0 million, the lowest volume sold since the end of universal free over-75 licences in 2020-21.[7]

Overall, in 2025-26, the increase in licence fee income from the rise in the price of the TV licence was larger than the fall in income due to fewer sales of paid-for TV licences, resulting in the 0.9% net increase in TV licence income compared with 2024-25.

1.4 From April 2024, the government set out that the licence fee would rise annually in line with the annual rate of the consumer prices index (CPI) for the remaining four years of the Charter period, which runs until the end of 2027. From 1 April 2026, the licence fee increased by 3.15% to £180.00.

1.5 The BBC reported in its green paper response that licence fee income was £1.2 billion lower in real terms in

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7 The number of paid-for TV licences excludes accommodation for residential care (ARC) concessionary TV licences. In 2025-26, 123,000 concessionary rate ARC licences were sold.

2024-25 than at the start of the Charter in 2017, due to falling numbers of paid-for TV licences, the removal of government funding for free over-75 licences for those in receipt of pension credit and a two-year licence fee freeze in 2022-23 and 2023-24. Due to this real-terms fall in income and the impact of inflation, in February 2026, the BBC announced a new target to achieve 10% cost savings in its licence fee-funded activities (Public Sector Broadcasting or PSB) by March 2029. This is in addition to the BBC's five-year saving and investment plan, which aims to achieve £700 million annual recurring efficiency and transformation savings by March 2028. The BBC estimated £602 million of recurring savings had been achieved by March 2026.

1.6 Licence fee sales are affected by wider trends in customer behaviours that are not within the BBC's direct control. UK broadcasters (as distinct from video-sharing platforms, subscription or advertising funded video-on-demand services) are continuing to lose their audience share. The BBC estimates the proportion of households watching licensable content – the 'Reach of Licensable Content' – using the most recently published data from the Broadcasters Audience Research Board (BARB) panel. This proportion of households reduced further in 2025-26, reducing to 87.22%, a fall of 2.74 percentage points compared to the 89.96% annual average for 2024-25 **(Figure 1)**. According to Ofcom's 2025 Media Nations report, year on year, fewer customers watch broadcast television, while online services are increasingly important to maintaining market share. The average daily viewing of broadcast TV, including through online platforms such as BBC iPlayer, fell by around 5 minutes (3%) to 2 hours and 30 minutes between 2023 and 2024. Enders Analysis, a media sector research firm, forecast that between 2025 and 2031, average daily broadcaster viewing will fall by around 4 percentage points, from 54% (136 minutes) to 50% (127 minutes) of video viewing across all screens. This trend may lead to fewer people watching licensable content, and a reduction in licence fee sales in the medium-term.

1.7 Ofcom has reported that, TV viewing habits are increasingly divided by age. Less than 20% of 16-24-year-olds' in-home viewing is now content from UK broadcasters, compared to 90% for those aged 75 and over. A decline in broadcast TV viewing was seen across all age groups in 2024, except for adults aged 75 and over. Younger audiences are spending more time watching subscription video-on-demand services such as Netflix, or video-sharing platforms such as YouTube, than broadcaster content. The BBC reported that its weekly reach among 16–34-year-olds was 63% in 2025-26, compared with 67% in 2024-25. Younger audiences are also much more likely to view BBC content online. However, among under-35-year-olds, the average number of active accounts using BBC iPlayer weekly has also declined, from 4.3 million in 2024-25 to 4.1 million in 2025-26. The BBC has reported that it wants to do more to reach audiences where they are, including on third-party services such as YouTube. In January 2026, the BBC announced a new strategic partnership with YouTube, focused on investments in YouTube-first programming.

Figure 1

Key trends in licence fee uptake, 2021-22 to 2025-26

The BBC's licence fee income increased slightly in 2025-2026, while the number of licences in force declined.

	2021-22	2022-23	2023-24	2024-25	2025-26
Licence fee income (£m)	3,800	3,741	3,660	3,843	3,879
Licences in force (m)	24.81	24.37	24.10	23.79	23.25
Total licences sold in year of which: (m)	24.69	24.26	23.72	23.42	22.83
Paid-for licences (m)	23.92	23.50	22.94	22.59	22.01
Over-75 licences (m)	0.77	0.76	0.78	0.83	0.83
Estimated proportion of households watching licensable content (annual average, BARB Establishment Survey)	92.48%	91.54%	90.19%	-	-
Estimated proportion of households watching licensable content (annual average, BARB panel)	-	-	91.45%	89.96%	87.22%
Estimated evasion rate (annual average, BARB Establishment Survey)	9.38%	10.58%	11.30%	-	-
Estimated evasion rate (annual average, BARB Establishment Panel)	-	-	12.04%	12.29%	11.93%
No licence needed declarations (m)	2.48	2.84	3.29	3.64	3.70

Notes

1. In Figure 1 of the Comptroller and Auditor General's Report to the House of Commons included in the Television Licence Fee Trust Statement for the Year Ending 31 March 2025, two figures were incorrect: 2021-22 licences in force (previously 24.71 million; corrected above to 24.81 million) and 2022-23 licence fee income (previously £3,740 million; corrected above to £3,741 million).
2. The number of licences in force is different from the number of licences sold due to cancellations.
3. Licences sold figures exclude accommodation for residential care (ARC) licences. In 2025-26, 123,000 (127,000 in 2024-25) concessionary rate ARC licences were sold, and 282,000 (269,000 in 2024-25) free ARC licences were issued to over-75s in receipt of pension credit.
4. Licences sold figures for each year from 2021-22 to 2024-25 have been adjusted for cash scheme cancellations that were incorrectly omitted from the figures reported in the Television Licence Fee Trust Statement in prior years. Some figures do not sum to the total licences sold due to rounding.
5. BARB Panel data was used retrospectively to estimate the proportion of households watching licensable content and the evasion rate for 2023-24, to provide a prior year comparator.

6. The BBC has restated estimated evasion in 2024-25, primarily following receipt of revised data on household growth rates; the estimate has reduced from 12.52% to 12.29%. The restatement provides comparability between 2024-25 and 2025-26 estimates.

Source: National Audit Office analysis of BBC documents

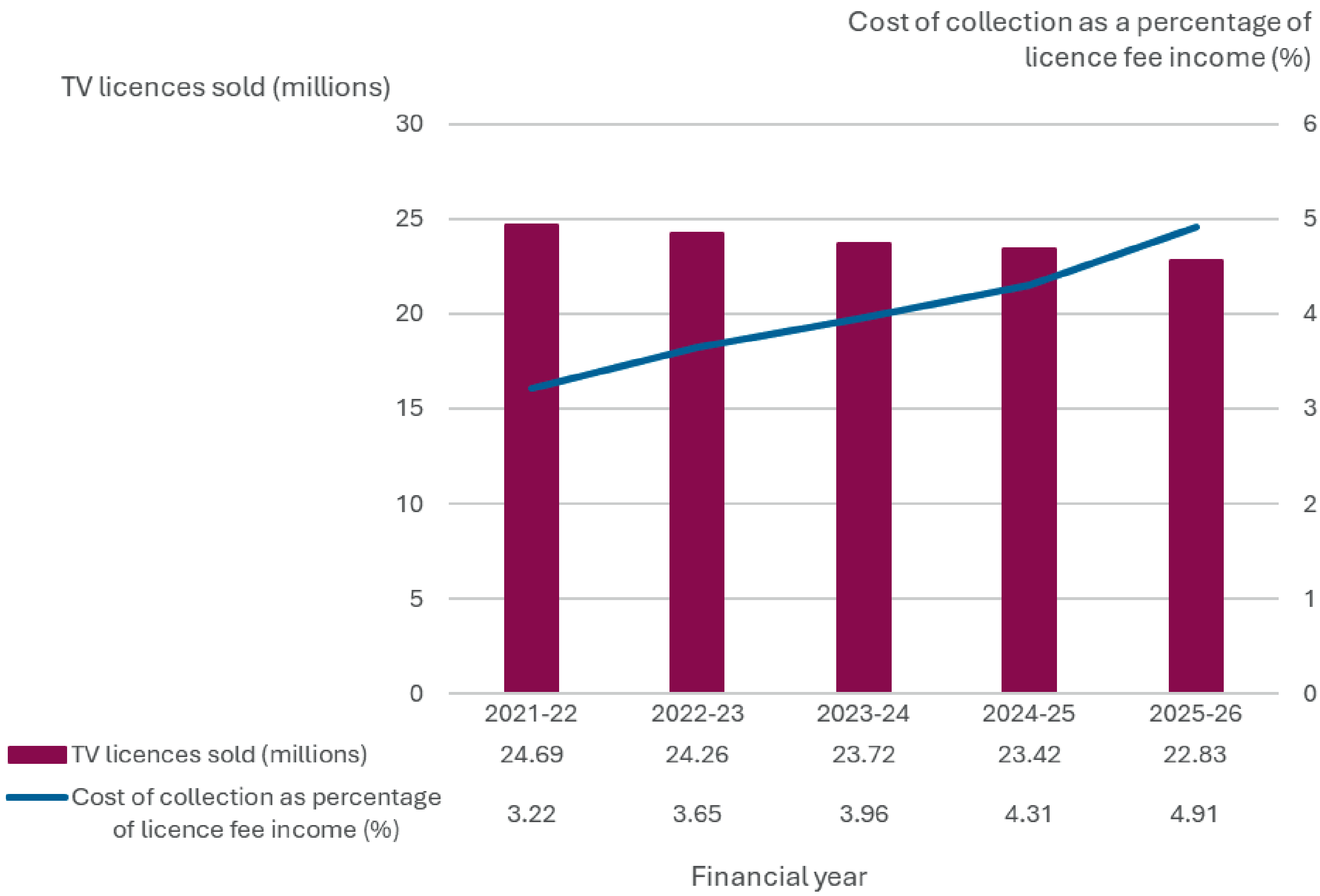
Licence fee operations in 2025-26

1.8 The BBC has a duty under its Charter to collect the licence fee in a way that is "efficient, appropriate and proportionate". In 2025-26, the BBC spent £190.5 million of licence fee income on collection, a £24.9 million (15.0%) increase compared with £165.6 million of licence fee income in 2024-25. This meant that the percentage of licence fee income spent on collection increased from 4.3% in 2024-25 to 4.9% in 2025-26 (Figure 2).

Figure 2

Cost of collection to number of licences sold, 2021-22 to 2025-26

Costs of collection as a percentage of licence fee income has increased, while the number of licences sold has declined over the past five years.



Notes

1. Licences sold figures include paid-for licences and licences issued to over-75s in receipt of pension credit, but exclude adult residential care (ARC) licences. In 2025-26, 123,000 concessionary rate ARC licences were sold, and 282,000 free ARC licences were issued to over-75s in receipt of pension credit.

Source: National Audit Office analysis of BBC documents

1.9 The increase in collection costs reflects higher levels of marketing activity, together with a significant rise in postage costs due to inflation and a growing number of unlicensed households that can only be reached by mail. The BBC has calculated that the £24.9 million cost increase includes:

- a 6.6% increase in payments to Capita for the administration of TV licensing;
- a 33.6% increase in payments for marketing, printing and media services to RAPP and Havas; and
- a 33.1% increase in payments for postage to Whistl.

The BBC expects the cost of collection to increase further in 2026-27, for reasons including increases to contractor costs and campaigns to increase sales. The BBC is taking steps to minimise collection costs, for example by issuing more licences electronically. At March 2026, 64.3% of licences were issued electronically, an increase from 60.2% at March 2025.

1.10 The BBC's main contractor for TV licensing is Capita. The BBC's current contract with Capita for the administration of the licence fee expires on 30th June 2027. In December 2025, after the BBC Executive and Board had considered the business case, the BBC signed a three-year extension of the Capita contract, from 1 July 2027 to 30 June 2030. The BBC considered that this offered the best option in terms of cost and stability for collecting the licence in the short term, enabling it to focus resources on effectively planning the transformation of the service and to run a strategic procurement once Charter outcomes are known. This extension comes at a significantly higher cost to the BBC than the current contract, over the 3-year extension period. The BBC attributes this to increase to inflationary costs and the relatively short term of the extension.

1.11 The BBC previously extended its contract with Capita in July 2022, it agreed with Capita that, in addition to service delivery, Capita would upgrade its legacy IT systems that support TV licensing activities. Last year, I reported that, despite active oversight by the BBC, the Capita IT upgrade project remained significantly behind schedule, with the BBC estimating that the majority of the work would be completed by April 2026. I reported that the BBC had rated the upgrade as an 'amber-red' risk, meaning that successful delivery was in doubt, with major risks or issues apparent in several key areas with urgent action needed to address these issues.

1.12 In March 2026, the delivery risk for the Capita IT upgrade was still 'amber-red', with continued programme delays experienced in 2025-26. The upgrade included 13 core projects, which Capita had implemented by March 2026, although with average delays of 19 months. There remain 14 other projects to complete in the upgrade, which the BBC estimates will conclude by December 2026. Decommissioning activities are estimated to complete by January 2027. The BBC continues to monitor Capita's IT upgrade work closely but told us that the delivery status will remain at 'amber-red' until Capita develops a baseline plan and sets out key milestones for delivery. As I reported last year, two of TVL's systems retain personal data for longer than intended because of other delays to the upgrade programme. These issues are no longer expected to be resolved by the IT upgrade. The BBC will need to identify a solution separately from the IT upgrade programme.

1.13 Capita has missed three 'go-live' dates for the TVL website upgrade since the original target of June 2025. The BBC now estimates that the website will be ready during late summer 2026, over a year behind schedule. However, this is subject to risk and dependant on the resolution of outstanding defects. The upgraded website will provide a new user interface on a different platform that will be able to cope with a higher web traffic and will also be fully available in Welsh. The upgrade will also issue new TV licences as e-licences by default.

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 for BBC services. The BBC sets a budget in its Annual Plan that includes forecast revenue for the coming year.

2.2 The BBC faces two challenges in seeking to maximise licence fee income: increasing numbers of households that do not need a licence as they do not watch licensable content; and people watching licensable content without having a licence, which is licence fee evasion. Where households declare ‘no licence needed’ the BBC is aiming to encourage these households to stay licensed or to re-license, by demonstrating the value of a licence. 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, as well as enforcing the licence fee in line with its legal duty.

Encouraging customers to buy a licence

2.3 The BBC’s communications programme is designed to inform households of the need for a licence, remind licensed households to renew and communicate the potential consequences of being unlicensed. 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 2025-26, the BBC tested a communication approach with a stronger focus on “funds the BBC” messaging, which explains to customers what the licence fee pays for and highlights the value of the TV licence. The BBC increased its advertising spend on platforms such as TikTok and YouTube in 2025-26 and plans to further increase this in 2026-27. The first phase of a targeted communications campaign, trialled in areas with higher rates of evasion, has resulted in around 3,000 more licences and £0.5 million in revenue for the BBC. Results from regional trials will inform the BBC’s plans for 2026-27.

2.4 The BBC’s “Value for All” strategy draws on a wide range of audience insights, feedback and data to form an evidence-based view of how audiences engage with the BBC and what they value from it. This informs decision-making across the organisation, including its communications and marketing approach. The BBC publishes information on how it is used and perceived by viewers, and performance against audience targets, in its Annual Report and Accounts. The BBC reports that in 2025-26, 94% of UK adults used BBC TV/iPlayer, radio or online on average per month, no change from 2024-25. Per week, an average of 81% of UK adults engage with the BBC, a decrease from 84% in 2024-25 (Figure 3). These measures of BBC reach include engagement with unlicensable content, such as BBC radio and BBC apps, and so differ from the reach of licensable content (paragraph 1.6).

2.5 In 2025-26, TVL expanded the team dedicated to retaining customers from 30 full-time equivalent (FTE) staff to 50 FTE staff. The BBC estimates that this delivered a return on investment of 132% based on income from customers remaining licensed. The team handled around 155,000 calls, explaining to customers what the licence fee covers and funds, and helping 27,000 customers who still consumed licensable content, to remain licensed. Going forward, TVL continues to explore different ways of engaging customers.

Figure 3

BBC customer metrics, 2020-21 to 2024-25

Metrics on BBC usage show a decline in engagement and time spent with the BBC over the last five years.

	2021-22	2022-23	2023-24	2024-25	2025-26
% of UK adults who use BBC TV/iPlayer, radio or online on average per month	97	96	95	94	94
% of UK adults who use BBC TV/iPlayer, radio or online on average per week	90	88	85	84	81
% of UK under 16s who use BBC TV/iPlayer, radio or online on average per week	73	72.00	69	70	69
% of UK 16-34s who use BBC TV/iPlayer, radio or online on average per week	81	76	71	67	63
Length of time UK adults spend with the BBC per head on average per week (hours:minutes)	17:30	16:41	15:32	15:50	14:58

Notes

1. Due to a measurement change with BBC Online time data, the pre-2024-25 figures for length of time UK adults spend with the BBC are not comparable with the figures for 2024-25 and 2025-26. The 2024-25 figure has been restated using the new measurement so is comparable with 2025-26.

Source: National Audit Office analysis of BBC Annual Report and Accounts data, 2021-22, 2022-23, 2023-24, 2024-25, 2025-26

No licence needed declarations

2.6 If a household or business watches no licensable content, they are encouraged to tell the BBC by making a 'no licence needed' (NLN) declaration. This is not mandatory but enables the BBC to focus its efforts to encourage people to buy a licence on those that need one and reduce the cost of mailings to premises that do not need a licence. The BBC has 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 2026, TVL recorded 3.7 million NLN declarations. This is an increase of 62,000 NLN declarations (1.7%) compared with 2024-25. This rise in NLN declarations was lower than the 10.5% increase seen in 2024-25. The BBC attributes the slower rise in NLN this year to increasing its NLN activity. From April 2024, the BBC has required premises that have declared they do not need a licence, to confirm annually – rather than every two years – that their NLN declaration remains correct. The BBC assessed that the change to annual confirmation led to around £8.6 million in additional income in 2025-26.

Licence fee evasion

2.7 In 2025-26, the BBC estimates that licence fee evasion was 11.93%. Evasion decreased marginally by 0.36 percentage points compared with its restated estimate of 12.29% for 2024-25. The restatement was primarily due to receipt of revised data on household growth rates. In 2025-26, evasion represented around £525 million of lost income to the BBC. The BBC did not set a target for evasion in 2025-26 and, despite this being recommended by the Committee of Public Accounts (PAC) in 2025, does not intend to set one going forward. The BBC told PAC that evasion and NLN declarations were significantly influenced by factors outside its control, such as changing viewing habits and technology. Instead, the BBC focuses on overall licence fee income and licences in force (Figure 4).

2.8 To estimate the evasion rate, the BBC estimates the proportion of households that require a licence and compares this with the number of licences in force. The BBC's analysis shows that the primary factor behind the decreasing estimated evasion rate is a reduction in customers' consumption of the BBC and other licensable content. As a decreasing number of households are watching licensable content, fewer households legally require a licence. Some households that were previously estimated to have been watching licensable content without a licence, are now estimated to be watching no licensable content, and therefore not evading. For the first time since 2020-21, the BBC estimates that in 2025-26, there were more households not consuming licensable content than were consuming and evading payment.

2.9 In 2024, BBC research indicated that around half of those declaring NLN committed evasion by continuing to consume licensable content without paying for a licence. TVL recorded 3.7 million NLN declarations, as at 31 March 2026. If half of these households were continuing to use licensable content, and had bought a license instead of making a NLN declaration, this would have yielded up to £323 million in additional income for the BBC (£309 million in 2024-25).

2.10 As well as demonstrating the value a licence provides (paragraph 2.3), the BBC has several strategies to reduce evasion and encourage the take up of TV licences. It is testing several additional approaches which it plans to assess against revenue, cost and customer impact before further roll out. For example, in 2025-26, the BBC tested new ways of engaging with households who may have made an incorrect NLN declaration. The BBC has started using third-party data, alongside audience platform data, to identify and campaign to households that appear to be using iPlayer, generating around £0.6 million in additional revenue in 2025-26. The BBC expects that the evasion rate will remain at current levels in 2026-27.

Support to customers struggling to pay

2.11 In January 2025, the BBC launched a new automated link with the Department for Work & Pensions to check eligibility for free licences for people aged over-75 in receipt of pension credit, streamlining the application process. In 2025-26, the link was used to check eligibility 246,000 times. Improvements to the automated link to increase its functionality in 2025-26 included renewal checks to ensure only customers currently in receipt of pension credit get a free licence. In 2025-26, 827,000 free licences were issued to those aged over-75, 2,000 (0.2%) more than in 2024-25. The DWP Link supports more efficient renewals of free licences and identifies cases where circumstances and eligibility may have changed, and a paid-for licence might be required.

2.12 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. Licences are revoked if payments are not maintained. TVL has a team which works to support customers facing financial difficulty. In 2025-26, the payment solutions team supported 8,614 (7,550 in 2024-25) customers in financial difficulty, of which 2,738 (2,936 in 2024-25) were eligible for the plan.

2.13 From 31 January 2025, at the request of the BBC, the Department of Culture, Media and Sport amended legislation to widen eligibility of the plan. This allowed the BBC to include invitations to the plan in regular communications to certain unlicensed premises that TVL identified as likely to be struggling to pay. From the three-month testing phase in 2024-25 and since the scheme was rolled out on 18 June 2025, invitations have been issued to 3.4 million households, delivering an estimated

3,000 additional sales through the plan. The BBC has not calculated the return on investment for this initiative as it does not believe it involved significant additional costs.

2.14 On 10 March 2025, Wescot Credit Services (Wescot) took over operation of the plan from Target Group. Wescot works to help customers understand which payment plan best suits their needs. Wescot enhanced the capability of ‘continuous payment authority’ (CPA), a process that supports automated collections in a similar way to direct debits. It increased the availability of CPA, and introduced repeat collection attempts where payments fail and automated updating of expired card details. It has also increased interventions, using more methods of communication to support customers to stay licensed after a missed payment.

2.15 On transition to Wescot, the BBC told us the website had been unavailable for a three-week period, during which customers were advised to contact TVL call centres. This prevented customers from being able to make payments online and affected visiting officers’ ability to take payments during field visits. Despite this, the number of people using the Simple Payment Plan increased by around 7%, from 288,000 at 31 March 2025 to 308,000 at 31 March 2026. This means that 1.3% of the total licensed population pay using the plan, a slight increase from levels in 2024-25 (1.2%).

2.16 In its first year operating the plan, Wescot delivered a 16.4 percentage point increase in recurring payment plans being set up. Among customers in their first year on the plan, the average monthly exit rate was 6.4% for the six months from October 2025 to March 2026, compared with 6.7% for the same period in the previous year. Across all customers who were either using the plan at the start of the year or who joined during the year, around 31% left the plan in 2025-26 (28% in 2024-25). The BBC considers that this behaviour reflects the fact these customers are struggling financially.

Enforcing the Licence Fee

2.17 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 TVL 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.

2.18 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. Following a 50% rise in visits in 2024-25, the total number of visits decreased by around 7% to 1,843,000 in 2025-26. This was driven by a decrease in the number of officers (from 229 FTE in 2024-25 to 221 FTE in 2025-26) and a decrease in the average visits carried out by each officer (from 8,670 in 2024-25 to 8,353 in 2025-26). The BBC told us that enforcement is getting harder. It says that challenges in getting engagement on the doorstep have led to a decrease in both the rate that visits result in an interview under caution, and the rate that visits generate the purchase of a licence. The BBC does not have a single measure to assess the return on investment from its evasion activities. It explained that it would not be possible to isolate the impact of its evasion activities from other operations that encourage people to get a licence, including sales and marketing, communications with unlicensed customers and demand for BBC content. It told us that it is difficult to establish causal links between individual activities and licence purchases, and that any such measure would not capture the deterrent effect of its evasion initiatives.

2.19 The BBC also estimates that TVL took fewer people to court for licence fee evasion in 2025-26 compared to 2024-25, an ongoing trend since 2017. In the 12 months to December 2025 (the most recent available data), the courts convicted 16,489 people of licence fee evasion, a 35.5% (9,075) decrease compared with 2024. To reduce the risk of prosecution and help people in severe financial hardship to stay licensed, in 2025/26 the BBC began inviting certain unlicensed premises to use the Simple Payment Plan (paragraph 2.12). In seeking to support repeat evaders, the BBC trialled a new post-interview process, allowing customers to make payment towards a licence to avoid prosecution. The BBC will assess performance of these initiatives before further roll out. 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.

2.20 In May 2023, the BBC published the Gender disparity in prosecutions for TV Licence evasion review, conducted to better understand why around 75% of those convicted for TV licence evasion are women. It found that this was the result of societal factors, beyond TVL's control, such as household composition, who is at home during inspection field visits, and gender inequalities in income and the likelihood of experiencing financial hardship. This review included a 10-point action plan which committed the BBC to offer more support to those in financial hardship and to help people stay licensed and reduce the risk of prosecution. In 2025, the BBC published its second progress report against the action plan, stating that it had completed all 10 actions; this included widening the eligibility criteria of the Simple Payment Plan to help more people in severe financial hardship to stay licensed. In the 2025 calendar year (latest available data), 73.3% of prosecutions were women, compared with 73.2% in 2024. The BBC reported that it would continue further activity to try to reduce the number of women prosecuted as part of its continuing customer care strategy.

The future of the licence fee

2.21 In September 2025, PAC took evidence on the BBC's Annual Report and Accounts and the Television Licence Fee Trust Statement 2024–25. In the context of lower income and in real terms and falling numbers of paid-for licences, PAC noted that in 2024-25, rising evasion and an increasing number of households declaring they did not need a licence represented over £1.1 billion in potential lost income. PAC concluded that the BBC is not doing enough to enforce collection of the licence fee, which is unfair to the vast majority of households that pay for a licence. PAC recommended that the BBC modernise its approach to collection and enforcement and improve transparency over performance (Figure 4). The BBC includes a summary of its response to PAC's recommendations in section A5 of the Trust Statement.

2.22 The BBC agreed with most of PAC's recommendations on modernising licence fee collection and has made some progress towards digital licences (64.3% of licences at March 2026; 60.2% at March 2025). It is also developing ways to link households with customer accounts to understand viewing habits. However, progress on other recommendations has been limited. The BBC rejected PAC's recommendation to set targets for evasion and NLN and has not changed its position. The BBC sets out that NLN declarations are beneficial to help it understand consumer behaviour, and that evasion rates are difficult to predict due to factors partly outside its control, such as viewing habits and technological change. Figure 4 summarises PAC's recommendations, the BBC's responses and progress to date.

Figure 4

Committee of Public Accounts (PAC) recommendations on licence fee collection

In its recent report PAC made several recommendations on how the BBC should modernise its collection of the licence fee.

Committee of Public Accounts report recommendations November 2025		BBC	
Conclusion	**Recommendation**	**Treasury Minute Response, January 2026**	**Progress update (provided by BBC June 2026)**
1. The BBC is not doing enough to enforce collection of the licence fee, which is unfair to the vast majority of households who do pay for a licence.	The BBC should: • modernise licence fee collection and enforcement by developing and implementing approaches suited to monitoring online viewing, and	**The BBC agreed with PAC's recommendation that it should modernise licence fee collection and enforcement.**	TV Licensing's digital strategy has been focused on trying to drive digital engagement with customers, which is also helping to control communication costs. The BBC is working on projects to link individual BBC accounts to households to better understand viewing habits.
	• report annually in the Television Licence Fee Trust Statement progress against targets for reducing 'no-licence needed' declarations and evasion.	**The BBC disagreed that it should report annually against targets in the Television Licence Fee Trust Statement**. In follow up correspondence with PAC, the BBC said it did not believe these targets would improve income or the efficiency of collection. It explained that it actively encourages no licence needed (NLN) declarations, which help it target collection activity more efficiently. It also said that evasion and NLN are significantly influenced by factors outside its control, such as changing viewing habits and technology. Instead, the BBC explained that it focuses on overall licence fee income and licences in force.	The BBC has not altered its position. The BBC monitors and reports the total number of NLN and new NLN claims, and estimates evasion annually, but does not set targets for these measures.

Committee of Public Accounts report recommendations November 2025		BBC	
Conclusion	**Recommendation**	**Treasury Minute Response, January 2026**	**Progress update (provided by BBC June 2026)**
2. The BBC has not adopted opportunities to digitise the licence fee, resulting in missed opportunities for cost efficiency and more customer engagement.	To achieve cost savings and improve customer engagement, the BBC should in its response to this report: • set a timeframe for moving to digital licences to further reduce reliance on costly paper licences and letters	**The BBC agreed with PAC's recommendation.** At March 2025, 60.2% of licences were issued electronically, an increase from 57.2% at March 2024. It will consider the regulatory and practical implications of making e-licences the default and will update on progress in the 2025–26 Licence Fee Trust Statement, recognising that some paper communications remain necessary due to regulation and customer preferences.	At March 2026, the percentage of customers in receipt of an e-licence increased to 64.3% (60.2% at March 2025). The upcoming website upgrade will enable the BBC to issue e-licences by default. Customers will still be able to opt for a paper licence whether purchasing online, by phone or on a payment scheme.
	• set out its plans to capture and use customer email addresses to enhance digital engagement and streamline customer communications	**The BBC agreed with PAC's recommendation.** The BBC considers this recommendation implemented. It noted in its response while there is no legal requirement for customers to provide an email address, it continues to encourage digital communications where system capability allows.	The BBC continues to implement this recommendation in the ways it set out in its initial response.
	• outline the lessons learned from managing the Capita licence fee contract and how it will establish clear milestones and incentives in all areas of the business to increase income and reduce evasion.	**The BBC partially agreed with PAC's recommendation.** Lessons from the Capita contract are now shared across the BBC. As the upgrade programme progresses and other work is carried out; payment is on delivery of agreed milestones. However, the BBC does not believe that incentives on income or evasion reduction would be appropriate.	The BBC continues to implement this recommendation in the ways it set out in its initial response.

Notes

1. Recommendations taken from report Committee of Public Accounts, BBC Accounts and Trust Statement 2024–25, Session 2024-26, HC 1230 . These are the first two recommendations from the report (in total there were six) which relate to the collection of the licence fee.

Source: NAO analysis of evidence and report from the Committee of Public Accounts, BBC Accounts and Trust Statement 2024–25, Session 2024-26, HC 1230, TM Treasury, Treasury Minutes: Government response to the Committee of Public Accounts on the Fiftieth to the Fifty-fifth reports from Session 2024-26 and the BBC's response to the Fifty-sixth report, CP 1488 and BBC information.

Charter renewal

2.23 The BBC's Royal Charter provides the constitutional basis for the BBC and sets out the BBC's Object, Mission and Public Purposes. It has previously been granted for around 10 years; the current Charter, which began on 1 January 2017, will end on the 31 December 2027 and is currently under review. The Government published a green paper on the BBC Royal Charter review on 16 December 2025 along with a public consultation on its proposals, which closed on 10 March 2026. The consultation included questions on the BBC's Mission and Public Purposes, trust in the BBC as an institution, its delivery of services for the public good, its role in driving growth across the UK, and funding the BBC fairly and sustainably.

2.24 In its response to the Government's green paper, the BBC said that the current funding model is no longer sustainable and needs reform. It explained that a real-terms decline in licence fee income over this Charter period has put the BBC under significant financial pressure. It stated that this, along with changes in the media market and audience behaviours has meant that, without reform, it may no longer be able to deliver its core mission. It highlighted that while around 94% of adults still use BBC services each month, fewer than 80% of households are paying for a licence. The BBC said that this is creating an unfair and unstable system that undermines a universal public service. The BBC proposed that the next Charter should establish a universal funding model that is fair, sustainable and protects independence and public trust. It said that its regulatory framework must also evolve to reflect the global market and technological change.

2.25 After considering the responses to the consultation, the government will set out its preferred policy direction for the BBC in a white paper, which is expected later in 2026. A draft Charter will be published and debated in Parliament before the current Charter expires. Once approved by the Privy Council, a new Charter for the BBC will come into effect on 1 January 2028.

2.26 Ahead of the white paper, the BBC has undertaken high-level options analysis to give an indication of the time, cost and revenue risk for different funding models, given the complexity of the regulatory regime, the systems limitations and potential for change in customer behaviour. The BBC told us that further substantial work will be required in 2026-27 to assess the feasibility of implementing the white paper funding option and how to mitigate risks to revenue, costs and timelines.

Gareth Davies 01 July 2026

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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 WOBSCHALL
Head, Assurance and Financial Reporting Policy
HM Treasury
10 May 2011

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