

Delivering more for less

This year we collected £125.5million more than last year. We made a 5.8% reduction in collection costs. We kept evasion low at 5.3%. This means an extra £127.2million for BBC programmes and services.

Key facts

£3.5bn

Collected

25m

Licences in force

£119.9m

Collection costs

5.3%

Evasion level

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More than 97% of households have a television and there are over 25 million TV Licences in force around the UK. You need a TV Licence to watch television programmes as they are being broadcast. This is the case whichever TV receiving equipment you use – TV set, set-top box, video or DVD recorder, computer or mobile phone – and no matter how you receive the programmes – terrestrial, satellite, cable or via the internet.

Our aim is to maximise licence fee revenue by collecting the licence fee in the most cost efficient way, deliver the best value for the licence payer and ensure as much money as possible goes towards funding the BBC's programmes and services.

TV Licensing informs people about the need to buy a licence when one is needed, sends reminders to renew licences, and deals with queries, applications and payments. We also ensure that we enforce the licence fee and pursue evaders.

2008/09 at a glance

Collecting the licence fee

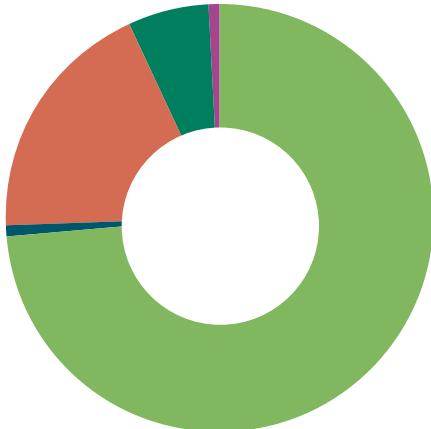
TV Licensing collected £3.5billion in revenue last year, an increase of £125.5million on the previous year. A record number of more than 25 million licences are in force.

£3.5bn

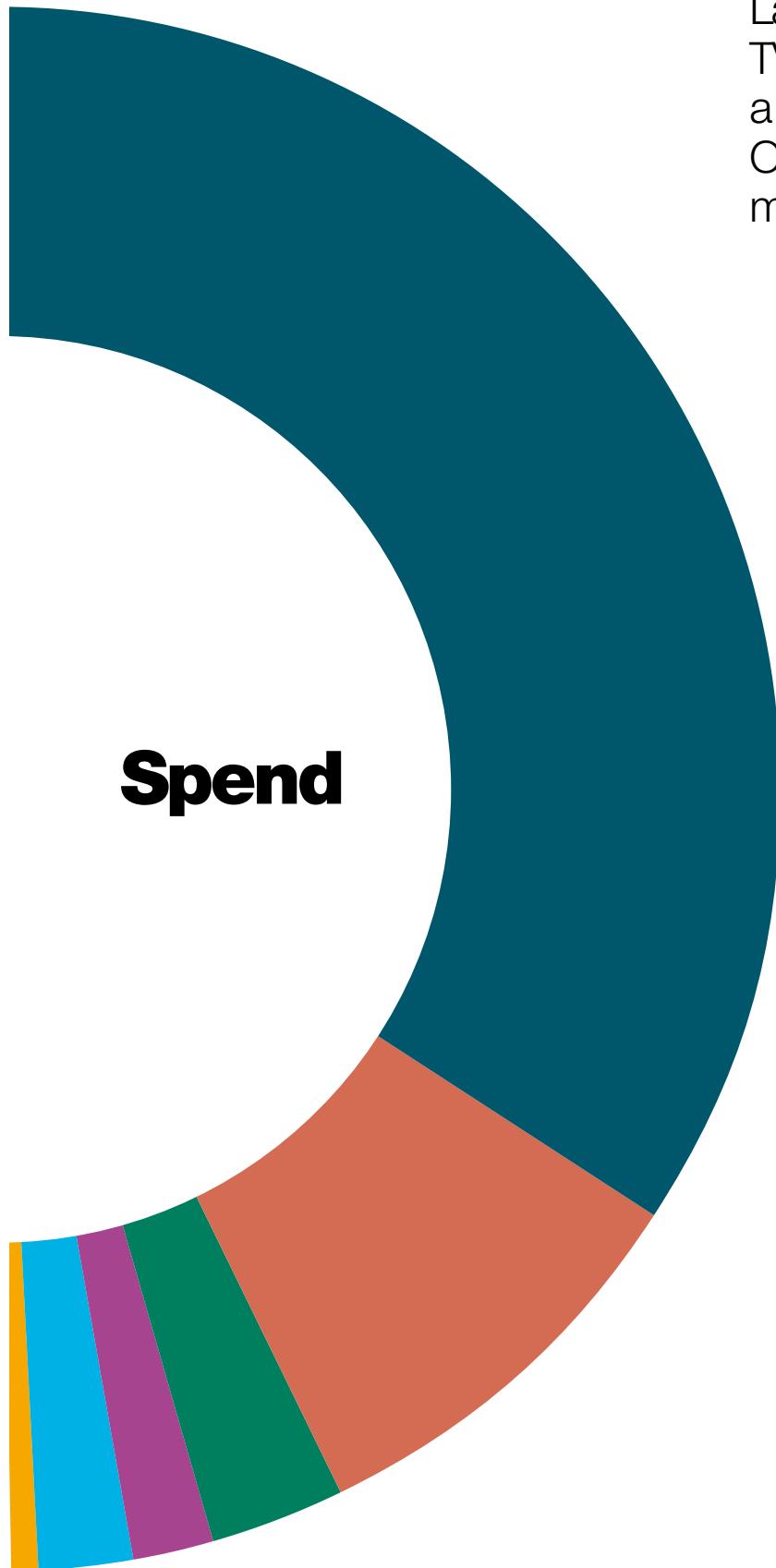
Revenue collected

Cost of collection

2008/09	£m	%
Collection costs	88.4	73.7
Depreciation of new systems	1.1	0.9
Communications	22.3	18.6
Postage	7.1	5.9
Administration and contract management	1.0	0.8
Total	119.9	



Collection



How the licence fee is spent

Last year each household's colour TV Licence cost about £11.63 a month – or about 38p a day. On average this was how the money was spent:

£8.00

Television

£2.01

Radio

£0.61

Online

£0.42

Licence fee collection

£0.42

Other

£0.17

Digital – marketing and Help Scheme

£11.63

Total per month

About us

'TV Licensing' is made up of a group of organisations which together administer the collection and enforcement of the licence fee. The organisations all work under contract to the Licence Fee Unit at the BBC which, as the Licensing Authority, is a public authority and retains overall responsibility.

The trade mark 'TV Licensing' is used by the organisations contracted by the BBC. Our overall aim is to collect the licence fee as efficiently as possible to provide the maximum amount of money for BBC programmes and services.

Delivering through expert partners

Our work includes informing people of the need to buy a licence and sending reminders to licence holders, as well as dealing with queries, applications and payments. We also prosecute people who are found to be watching television without a licence.

A skilled team of people at the BBC lead the work done by our TV Licensing partners. Capita Business Services run our two largest call centres and field force of enquiry officers; Revenues Management Services are responsible for our cash payment schemes while PayPoint offer over-the-counter services*. Our marketing work – including advertising, direct marketing and public relations – is carried out by the AMV BBDO group. UK Mail is our postal contractor.

The BBC is a member of the Broadcasting Fee Association, founded in 2006. Fellow members include Austria, the Czech Republic, Denmark, Finland, Germany, Italy, Ireland, Norway, Sweden and Switzerland.

Our aim is to collect the TV licence fee from all those who by law need a licence and to do this in the most cost efficient way possible. A TV Licence is needed to watch any television programme as it is broadcast and the money collected goes towards the funding of the BBC. The TV licence fee forms the bulk of the BBC's income.

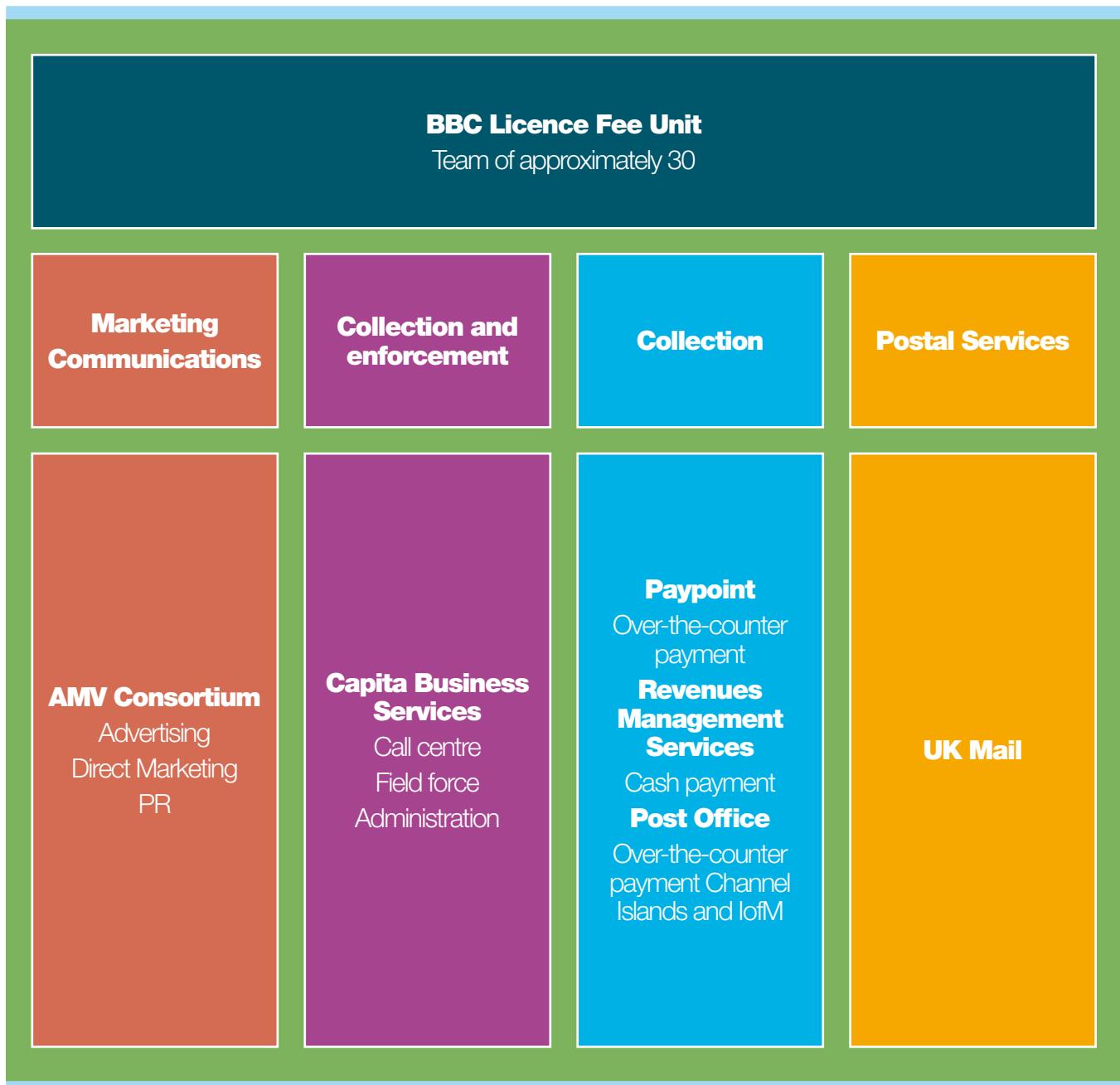
The cornerstone of TV Licensing's business is our database. It is one of the most comprehensive databases in the country and contains some 30 million business and residential addresses. We update it regularly using commercially available sources and also rely on information from our customers and our enquiry officers.

"Older people often ask Help the Aged for help with completing complicated forms, so the steps taken by TV Licensing to simplify and reduce unnecessary paperwork is a big win for common sense. When times are getting financially harder, it's good to know that if you're over 75 you can still get some things for free. And now, if you renewed your TV Licence after November 2007, you will not even need to worry about it for a further three years."

David Sinclair, Head of Policy, Help the Aged

"It is important that ethnic minorities are informed, at an early stage of their arrival, about the rules and regulation of their new environment. Therefore, being part of this kind of information sharing and awareness raising practice with TV Licensing is a natural place for us."

Dr Debebe Legesse, Team Leader Advice and Support Team, Welsh Refugee Council



Making it easier to pay

TV Licensing is continually innovating to develop ways to reduce the cost of collecting the licence fee and make it easier for people to pay.

We have made available many ways to pay which include anything from the smallest payments of less than £1 to buying the licence all in one go.

We want to make buying a licence as easy as possible, enabling people to pay for their licence when and how they want to. To make it easier for payers we have put considerable effort into developing self-service payment channels.

How people pay:

- direct debit is the most popular way to pay – 68% of sales
- the second most popular option is paying by credit or debit card, either online or by telephone
- PayPoint brought in 7.9% of licence sales

Payment trends:

- our website is used increasingly – 1.8 million licences sold using the web, 17% more than in 2007/08
- e-licences are a hit – 886,000 were requested, a rise of 82% on last year
- during the year we introduced a new service making it possible for those on cash schemes to pay by text. This has proved popular with 20,000 payments made monthly during the year

Ways to pay
% of licences issued by payment channel (excluding over 75s)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Direct Debit (annual, quarterly, monthly)	55.7	58.2	60.9	64.7	67.0	68.1
Credit/debit cards (incl. Goldfish to 2006/07)	3.9	4.2	4.3	7.0	7.9	8.3
Cheque/cash:						
– post	4.7	4.3	4.0	6.7	6.0	5.4
– Post Office incl. stamps and islands	29.3	26.7	24.0	5.4	0.2	0.2
Savings Card	–	–	–	2.6	3.0	2.8
PayPoint	0.1	0.1	0.2	7.0	8.9	7.9
Payment Card*	6.1	6.3	6.4	6.4	6.7	7.2
Home banking	0.2	0.2	0.2	0.2	0.2	0.2

1.8m

Licences sold using the web

82%

Increase in e-licences sold

68.1%

Pay by direct debit

8.3%

Pay by credit/debit card

7.9%

Pay by PayPoint

7.2%

Pay by Payment Card

5.4%

Pay by post

2.8%

Pay by Savings Card

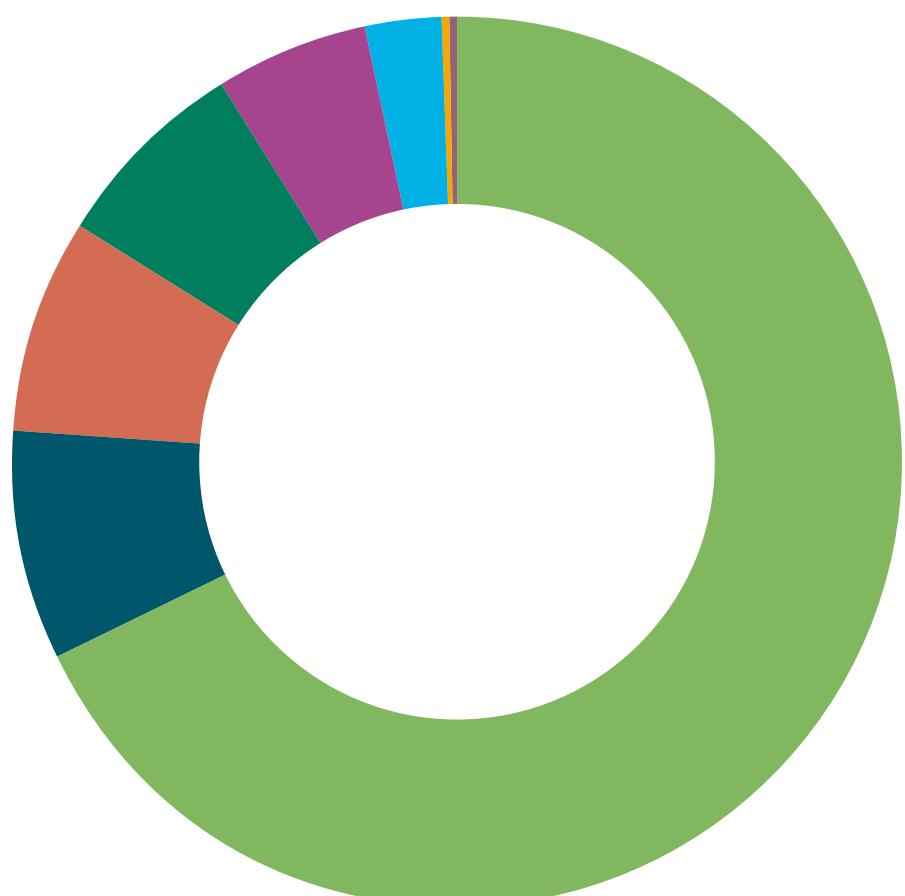
0.2%

Pay at Post Office

0.2%

Pay by home banking

Delivering choice in payment schemes



Keeping evasion low

We always prefer people to pay for their TV Licence rather than face prosecution, which is why we have developed many payment schemes. On behalf of the honest majority, however, it is fair that we pursue evaders.

The estimated rate of evasion is 5.3%, which is a calculation of the number of premises where no licence is held but a licence is believed to be needed. This estimated level of evasion represents £195 million of lost income to the BBC.

We have successfully kept evasion low at 5.3%. This is a small rise compared to last year's level of 5.2% and reflects current economic conditions. However, this rise was partially offset by greater efficiency in collection. The combined cost of both collection and evasion was 8.7%, 0.1% less than last year.

Enquiry officers

If people do not buy a TV Licence they may receive a visit from one of our enquiry officers. Last year our enquiry officers made 3.8 million visits, 200,000 more than last year thanks to further efficiencies. They have been greatly aided in their work by the introduction of handheld devices which give them instant access to information direct from the database.

Our enquiry officers are expected to be courteous at all times and will enter a property only with permission.

Enquiry officers must:

- prove their identity
- be polite and explain why they are visiting
- neither threaten nor intimidate
- enter a property only if they are given permission
- leave the premises if asked to do so
- take a statement, if necessary, signed by the interviewee, making sure the interviewee is aware of the consequences of a statement

If permission to enter a property is refused, we may apply to a court for a search warrant or use detection equipment. Detection equipment is used only when other more cost efficient routes have been tried. The use of the equipment is controlled by the Regulations of Investigatory Powers Act 2000.

Costs of collection

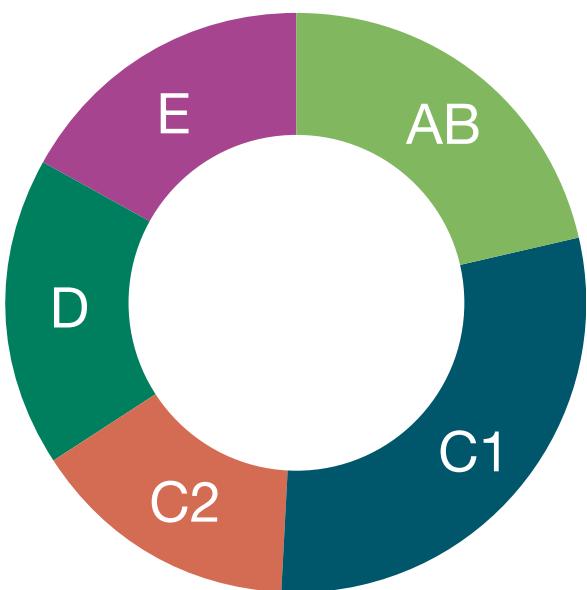
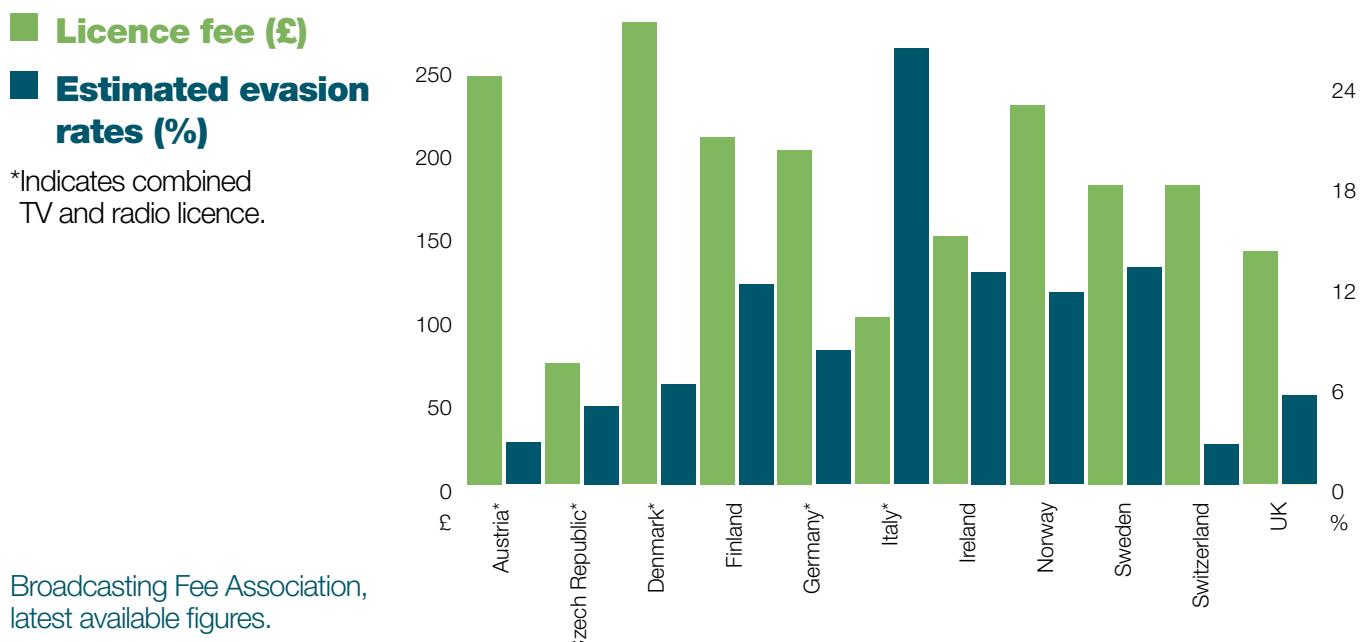
	2006/07 £m	2006/07 % of costs	2007/08 £m	2007/08 % of costs	2008/09 £m	2008/09 % of costs
Costs including call centres, field force, detection and over-the-counter services*	98.9	74.6	87.3	71.8	88.4	73.7
Depreciation of new systems	0.8	0.6	1.2	1.0	1.1	0.9
Communications including reminders and information campaigns	19.0	14.3	22.6	18.6	22.3	18.6
Postage	10.7	8.1	9.1	7.5	7.1	5.9
Administration and contract management	3.2	2.4	1.4	1.2	1.0	0.8
Total	132.6		121.6		119.9	

Evasion rate and collection costs as a % of revenue

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Evasion rate**	5.6	4.9	4.7	4.8	5.2	5.2	5.3
Collection costs	5.5	5.4	5.2	4.9	4.1	3.6	3.4
Total	11.1	10.3	9.9	9.7	9.3	8.8	8.7

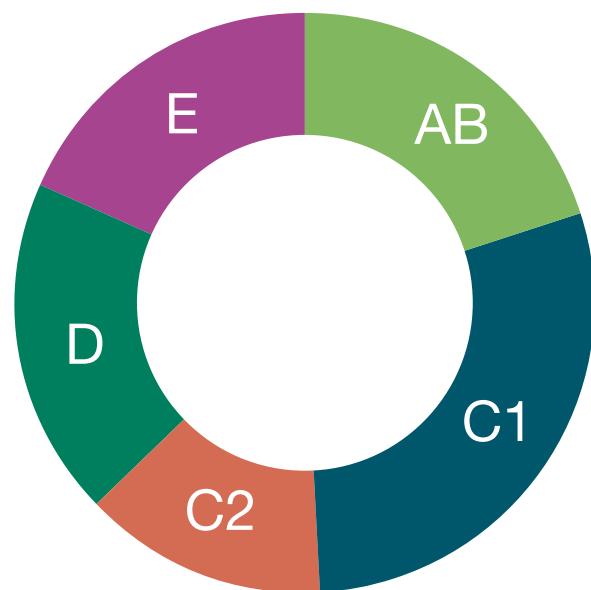
⁸ * Excluding cost rebate from government for over 75 licences. ** Historical evasion, restated using latest assumptions.

Fee and evasion rates across Europe



Social grade distribution of properties needing a licence – licensable base

AB **21.52%**
C1 **29.42%**
C2 **14.94%**
D **17.33%**
E **16.79%**



Social grade distribution of unlicensed properties

AB **20.19%**
C1 **29.18%**
C2 **13.63%**
D **18.79%**
E **18.21%**

Reaching licence payers

We reach an enormous audience with our messages about when you need a TV licence and how to buy one. We do this using a variety of methods: by letter, through our website, with advertising, through the media, through our enquiry officers, and by working with community or special interest groups. We balance our anti-evasion messages with a range of communications aimed at raising awareness of easy-payment methods. We also flag the self-service options which allow people to pay at their convenience.

Much of TV Licensing's communications activity is aimed directly at the licence fee payer and some targets evaders. Through our communications work we want to let people know that getting a TV Licence is straightforward and there are many easy ways to pay. But, if you don't buy a licence when you need one, you risk prosecution and a maximum fine of £1,000.

Direct mail

Most of our communications with customers is done by mail as this is the most cost effective way. The majority of customers receive a reminder that their licence is due for renewal, and then they renew. People who delay renewing receive letters which get gradually stronger in tone.

Website

Our website has extensive information about TV Licensing and will answer most people's queries. However, customers can also get in touch by email, post, telephone or letter.

Advertising

We also use advertising to tell people about TV Licensing.

In April 2008 we launched a new advertising campaign, entitled Circuit City. With the main strapline 'It's all in the database', it is used in several different ways, to emphasise the strength of our database, to underline the risk of evading, and to tell people about ways to buy a licence.

Research shows that 88% of people who expressed an opinion thought it important that TV Licensing sends out strong messages to evaders. Our communications campaigns are highly-regarded and have received many industry prizes.

In the BBC Trust's recent review of TV Licensing, the Trust recommended a revision of early reminder letters.

More details can be found in the Governance and compliance section on page 16.

Awards

Our students 'No Excuse' campaign has won many awards this year.

MCCA 2008:

Merit – Best integrated

DMA International Echo Awards 2008:

Bronze – Communications/Utilities/B2B

DMA Awards 2008:

Gold – B2C

Silver – Integration

Gold – Field Marketing

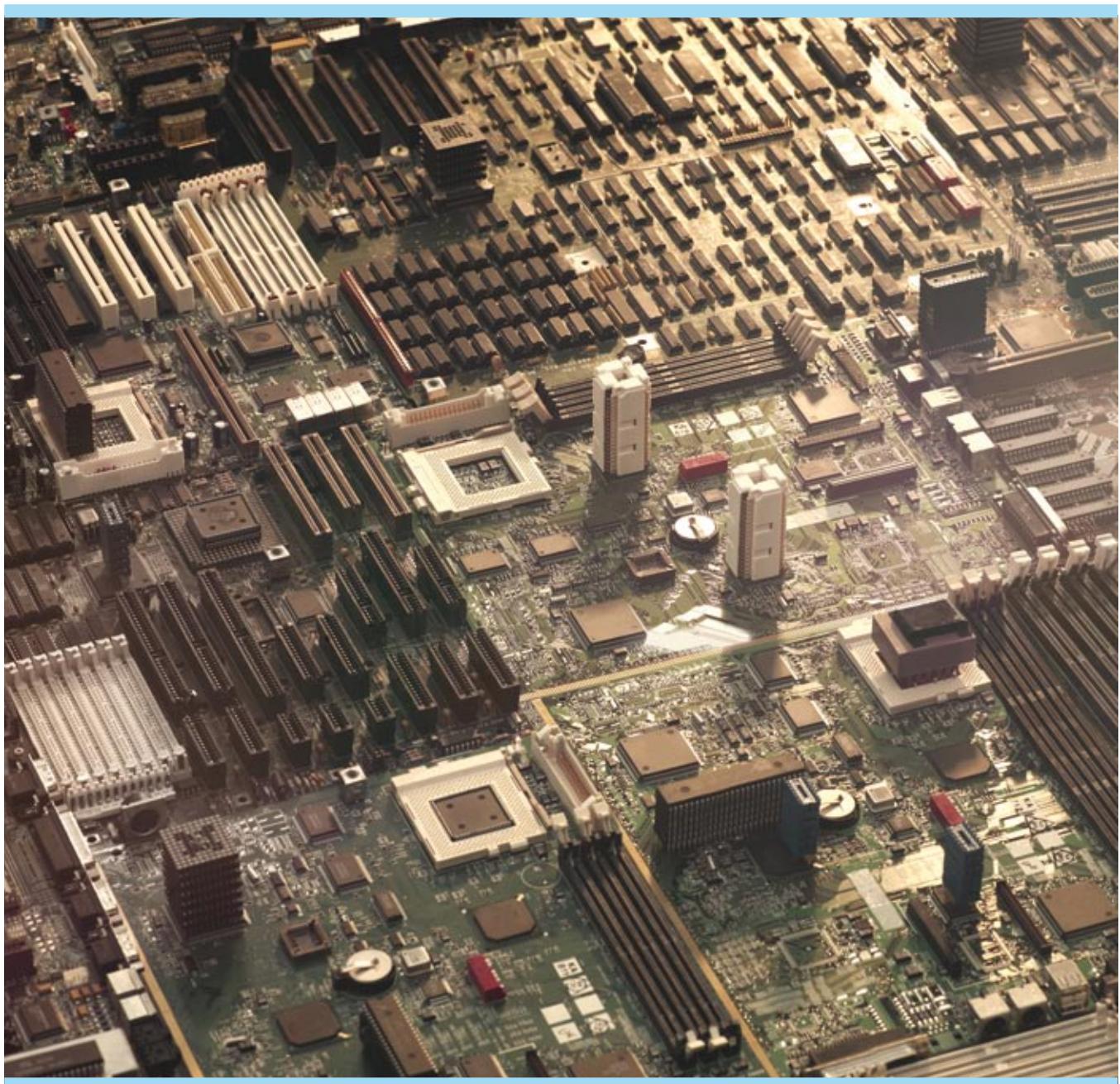
'No Excuse' was also shortlisted in the CIPR Excellence Awards Integrated campaign. Our social inclusion campaign was shortlisted in the IPRA Golden Awards.

8.9m

Calls handled by our call centre

14.9%

Reduction in calls handled



170

Translated languages offered

2,232

Calls to Polish translation service

Translation service

Calls to TV Licensing requesting translation

Polish	2,232	Japanese	12
Portuguese	251	Thai	8
Arabic	131	Vietnamese	8
Punjabi	108	Latvian	7
Turkish	105	Tagalog	7
Urdu	105	Albanian	6
Russian	104	Nepali	6
Spanish	101	Tigrinya	6
Somali	80	Greek	5
Bengali	77	Dari	3
Mandarin	64	Sinhalese	3
Slovak	64	Swahili	3
Hindi	63	Armenian	2
French	54	Bosnian	2
Czech	49	Mongolian	2
Lithuanian	38	Pashto	2
Hungarian	30	Afrikaans	1
Cantonese	29	Croatian	1
Romanian	29	Dutch	1
Tamil	29	Ewe	1
Farsi	26	Kosovan	1
Gujarati	25	Oromo	1
Italian	22	Sorani	1
Kurdish	21	Twi	1
Bulgarian	16	Ukrainian	1
Korean	15	Yoruba	1
German	13		

“Ballymoney Community Resource Centre provides support and information to rural communities, often to older members of society and indeed those who may not have English as their first language. We are happy to work with and receive information from TV Licensing Northern Ireland who ensure we are kept aware of any changes in the licence fee, available concessions and current ways to pay.”

Lee Millen, Information Officer, Ballymoney Community Resource Centre

“As the community is increasingly made up of people of various nationalities, it is essential that public information is made available in the most appropriate format for all citizens. We therefore fully support the work of TV Licensing to provide information in a wide range of languages to meet the needs of a multinational community.”

Kathy Anderson, Manager, Montrose Citizens Advice Bureau

Stakeholders

We work closely with stakeholder organisations to help us reach a wide range of audiences, including those who might struggle to pay and those with English as a second language. We greatly appreciate the help these stakeholder organisations give us. This year we have worked with 51 national organisations and a wide range of local bodies, including:

Institute of Money Advisers, Citizens Advice, Money Advice Scotland, Shelter, Advice NI, National Asylum Support Service, British Federation of Race Equality Councils, RNIB, Age Concern and Help the Aged.

We also offer a translation service in 170 languages to people who call TV Licensing and request an explanation in their own language.

Last year, this service received 3,973 requests, an increase of 34% on the year before (2,972).

Our call centres deal with enquiries from the public.

Thanks to improvements in our processes, last year TV Licensing's main call centres handled 8.9 million calls, down 14.9% on the previous year's figures. Of these 6.3 million or 71% were dealt with by an agent, while 2.6 million or 29% were handled via our automated system.

Complaints

Complaints rose to 35,750 compared to 33,849 last year – although this should be viewed in context of research* showing a rising trend of complaints by consumers in general.

When retailers tell us new TV equipment has been bought we have, following feedback, stopped mailings sent to addresses where there is a licence held.

One topic on which people often ask for more information is our policy for those with no television. If somebody tells us they do not need a licence, we visit the property to verify this. When TV Licensing made contact with people on these visits, a quarter of people did need a licence. Once our records have been verified, we do not make contact again for a number of years. We will then write periodically to ask if circumstances remain the same.

What does the licence fee provide?

The BBC's domestic broadcasting and online services are paid for by the TV licence. This allows a wide range of popular public services for everyone, free of advertisements and independent of advertisers, shareholders or political interests.

% licence fee spend by platform



Network Television



Network Radio



Future Media



Journalism



For a full copy of the BBC Annual Report and Accounts 2008/09 go to www.bbc.co.uk/annualreport

New this year

Over the last 12 months we have improved our services. We have developed compelling marketing communications and technical improvements that have helped keep evasion low.

As part of our ongoing development we have taken on board feedback from the BBC Trust which represents the view of the licence fee payer.

Operational

Self-service is an important trend for licence fee payers and several initiatives help payers to pay or contact us at their convenience:

- our new **website** is about to be launched. It will provide state-of-the-art access to information and means customers can update personal details easily. Customers will also be able to view and check their licence online
- we introduced an **SMS service** for cash customers to make payments, as well as SMS reminders
- we launched a **new website for our cash customers**. This allows people to make a payment and check details
- we have improved our **automated phone service**

Hand-held devices for enquiry officers – all our enquiry officers have been equipped with handheld devices. This means they have instant access to the database and can also make immediate updates.

We are working to keep customers fully informed as technology changes. For example, you need to be licensed if you are watching or recording live broadcasts via the BBC iPlayer. Viewers are informed of this by a **pop-up message**.

We successfully completed a substantial **programme of improvements** for people living on the Isle of Man, Jersey and Guernsey. The islands are now able to enjoy the benefits of the Payment Card and the Savings Card, as well as enhanced customer service.

We have a **new fleet of detector vans** which are currently being fitted with sophisticated detecting equipment and will be operational in 2009/10.

Marketing

We began a **new advertising campaign** in April 2008. Entitled 'Circuit City', the campaign is used on television, radio and billboards to remind customers of the need for a licence and convenient ways to pay.

We have begun the process of **retendering our direct marketing and print contract**. The result will be known in the spring of 2010.

Governance

The BBC Trust carried out a **review of licence fee collection**. The BBC has responded with an action plan outlining what we will be doing to address all their recommendations. For more information on this see the Governance and compliance section on page 16.

Governance and compliance

The BBC Trust oversees the BBC and ensures arrangements for licence fee collection are ‘efficient, appropriate and proportionate’. The Trust ‘actively seeks the views of, and engages with, licence fee payers’.

The BBC Trust recently carried out an independent review of licence fee collection, which consulted with licence fee payers before making a number of specific recommendations on how our approach should develop.

Trust review

We have taken these recommendations on board and will particularly be looking at how we communicate with licence fee payers, investigating whether our instalment schemes can be made more simple, and ways to increase the targeting of our enforcement.

The recommendations included:

- reviewing our policy for those who inform us they do not need a licence
- exploring if further simplification of payment plans is possible
- improving awareness of the law surrounding watching television on the internet
- revising early reminders to make sure they are easy to read, polite and non-accusatory
- introducing 03 phone numbers

The BBC has responded with a detailed action plan with a time frame for the recommended actions.

Both the Trust's review and the BBC's action plan are available on the Trust's website: www.bbc.co.uk/bbctrust/

Freedom of Information (FOI) requests

Last year we received an average of 16 FOI requests per month, or 190 in the full year, more than double the previous year's total of 90. Exemptions were used in around half of replies, mostly because releasing the information might prejudice prevention or detection of a crime or because it would prejudice the commercial interests of the BBC.

Equality

The BBC takes equality seriously and has three schemes – covering race, disability and gender.

During the year we have:

- ensured the complaints database is able to record complaints relating to equality

- completed Equality Impact Assessments on our automated enquiry phone line and on our refunds policy. Three more are in progress with a timetable for others
- made available licence fee conditions on the website in translation

The regulatory framework

The work of TV Licensing is covered by the Communications Act 2003 and The Communications (Television Licensing) Regulations 2004 (as amended annually). This legislation allows the BBC to issue and revoke TV Licences and describes what a TV Licence holder is permitted to do.

We are also bound by the Data Protection Act (1998), the Freedom of Information Act (2000) and the Regulation of Investigatory Powers Act (2000).

We have many policies interpreting the Regulations. The policies are developed by our policy adviser in liaison with specialist lawyers. The criteria used are whether the policies are legally correct, fair to the customer and appropriate and proportionate. We review significant policies at appropriate intervals. BBC staff work closely with TV Licensing agents to explain policies and discuss operational implications, often helping to develop customer information, training material and work instructions.

The security of the information we hold is paramount. We have comprehensive policies and controls in place to ensure this information is safe. Our strategy is compliant with the international security standard for Information Security Management.

In a recent audit of databases carried out for the Joseph Rowntree Reform Trust, TV Licensing was one of only six out of 46 public sector organisations whose databases were found to be proportionate, necessary and legally sound.

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"We regularly see people whose household budget is under a lot of pressure, and the literature from TV Licensing gives people a clear range of options for meeting their obligations and purchasing a TV licence."

Heather Smith of Central Borders Citizens Advice Bureau

"Helping new tenants settle into their home is just part of the service Gwalia provide, and TV Licensing's campaign to raise awareness of the need to have a licence amongst the community, and the provision of multi-lingual services complements this."

Michael Williams, Chief Executive, Grwp Gwalia Cyf (social housing)

"Down District Council welcomes TV Licensing's initiatives to provide clear information to customers on payment options and was therefore very pleased to work with TV Licensing on the information campaign. The council works closely with a wide cross-section of the community and felt that displaying TV Licensing information on our website was an ideal method of communicating the TV Licensing messages to as many people as possible. We would be happy to work with TV Licensing on any future projects."

Damien Brannigan, Community Relations and Development Manager, Down District Council

Contact us

We like to receive feedback. Please contact us with your views on this Annual Review or to comment on TV Licensing more generally.

Members of the public should either call 0844 800 6790 or write to TV Licensing, Bristol BS98 1TL.

For those contacting TV Licensing on behalf of an organisation or in a professional capacity, please go through the Campaign Office on 020 7544 3116 or email campaignoffice@tvlicensing.info. Please note, the Campaign Office is unable to deal with individual enquiries.

Copies of this report are available in Braille on request by calling 0844 800 6790.

Our minicom facility for the deaf or hard of hearing is on 0844 800 6778.

This report is also available on the 'about us' section of the TV Licensing website: www.tvlicensing.co.uk