



## The end of the television licence fee? Applying the German household levy model to the United Kingdom

Ramsey, P., & Herzog, C. (2018). The end of the television licence fee? Applying the German household levy model to the United Kingdom. *European Journal of Communication*, 33(4), 430-444.  
<https://doi.org/10.1177/0267323118775300>

[Link to publication record in Ulster University Research Portal](#)

**Published in:**  
European Journal of Communication

**Publication Status:**  
Published (in print/issue): 01/08/2018

**DOI:**  
[10.1177/0267323118775300](https://doi.org/10.1177/0267323118775300)

**Document Version**  
Author Accepted version

### General rights

The copyright and moral rights to the output are retained by the output author(s), unless otherwise stated by the document licence.

Unless otherwise stated, users are permitted to download a copy of the output for personal study or non-commercial research and are permitted to freely distribute the URL of the output. They are not permitted to alter, reproduce, distribute or make any commercial use of the output without obtaining the permission of the author(s).

If the document is licenced under Creative Commons, the rights of users of the documents can be found at <https://creativecommons.org/share-your-work/licenses/>.

### Take down policy

The Research Portal is Ulster University's institutional repository that provides access to Ulster's research outputs. Every effort has been made to ensure that content in the Research Portal does not infringe any person's rights, or applicable UK laws. If you discover content in the Research Portal that you believe breaches copyright or violates any law, please contact [pure-support@ulster.ac.uk](mailto:pure-support@ulster.ac.uk)

## The end of the television licence fee? Applying the German household levy model to the United Kingdom

Phil Ramsey, Ulster University  
[pt.ramsey@ulster.ac.uk](mailto:pt.ramsey@ulster.ac.uk)

<http://ulster.academia.edu/PhilRamsey> | <http://orcid.org/0000-0001-5873-489X>

### Published as:

Ramsey, P. and Herzog, C. (2018) The End of the UK Television Licence Fee? Applying the German household broadcasting levy model to the UK. *European Journal of Communication*. (<https://doi.org/10.1177/0267323118775300>)

### Abstract

While the United Kingdom (UK) government has renewed the BBC Royal Charter until 2027 and confirmed that the television licence fee will last for this period, a medium-term shift from the television licence fee to a household levy is still a policy option. Drawing on the German experience, we discuss the probable difficulties, possible benefits and the overall implications of such a shift in the UK. The article employs a comparative media policy analysis. After a brief history of public service broadcasting funding in the UK, we provide an outline of the recent German public service media funding reform. We point out the difficulties from the German model to predict the future total revenues and elaborate on the suitability of it in the UK context, contrasting the possibilities of policy transfer and policy failure.

**Keywords:** BBC, licence fee, policy transfer, public service broadcasting, public service media funding

# **The End of the Television Licence Fee? Applying the German Household Levy Model to the UK**

## **Introduction**

The financing of public service broadcasting (PSB)/public service media (PSM) has perpetually been a controversial issue in a variety of PSM regimes and the television licence fee is under scrutiny in relation to its role, its use, and its appropriateness in the multi-channel era (Herzog, et al., 2017). Even though the licence fee remains in place in most European countries today, during the last years a substantial number of changes have occurred or have been considered (Künzler, et al., 2013). One such case is the Netherlands, which abolished the licence fee on 1 January 2000 and replaced it by direct state subsidies (d'Haenens, 2017; Lowe and Berg, 2013: 91). Moreover, a new form of PSM funding was instituted in Finland in 2013 when the licence fee was replaced by a special public broadcasting tax, linked to personal income (Ala-Fossi, 2012; Karppinen and Ala-Fossi, 2017). At the same point in time Germany moved to a household levy, replacing the appliance-based licence fee (Herzog and Karppinen, 2014). Although in Sweden the radio and television fee, bound to the possession of receiving devices, remains in place, it has been argued that some form of change is likely, be it a change to funding from the taxation or from the introduction of a media fee (Engblom, 2012: 24). Finally, in Switzerland voters will have their say in a referendum in 2018 on whether or not the licence fee should be abolished (Swissinfo, 2017).

While the licence fee remains in place in the UK – the country under study in this article – it is considered to be drawing near the end of its life span, with the debate over what might replace it already having commenced within domestic political discourse. Drawing on the German experience, in the following pages we discuss the probable difficulties, possible benefits and the overall implications of a possible shift from the licence fee to the household levy in the UK. In the following section we provide a note on the analytical framework and methodology used. Subsequently, we turn to recent policy developments in the UK. This is followed by an outline of the recent German PSM funding reforms, focusing on the reasons why decisions were made. We point out difficulties from the German model to predict the future total revenues, an issue the UK is likely to face should it implement the model, and elaborate on the suitability of the German model for policy transfer. In the conclusion we contrast the possibilities of policy transfer and policy failure.

## **Analytical framework and methodology**

In this article we employ a comparative media policy analysis (Puppis and d'Haenens, 2012) to financing models for PSM and changes in these models, setting the proposals within a context of the wider communications policy and regulation framework in which they have been implemented. During the Charter Review process, the BBC's future mission, its scale and scope, funding, governance and regulation were contested issues (Gibbons, 2017). Though the four issues are closely interlinked we are principally concerned with the future of the licence fee and PSM funding. Thus, going beyond a mere comparison of the two cases under study, we adopt elements from policy transfer analysis, which is 'concerned with a similar process in which knowledge about policies, administrative arrangements, institutions and ideas in one political setting (past or present) is used in the development of policies,

administrative arrangements, institutions and ideas in another political setting’ (Dolowitz and Marsh, 2000: 5).

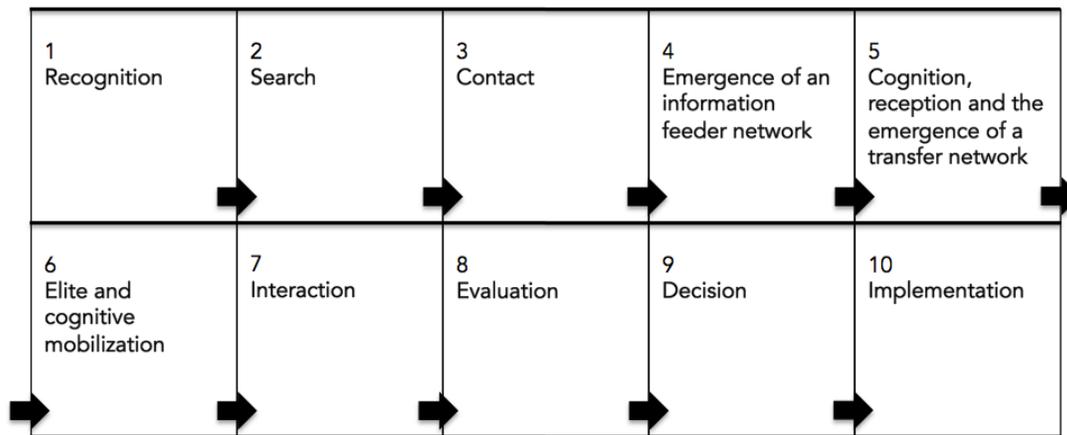
Evans and Davies (1999: 377–379) differentiate 10 phases in the process of voluntary policy transfer (see figure 1). The phases start with (1) policy-makers’ recognition of a problem that requires attention and continue (2) with the search for ideas of how to cope with this problem, (3) contact between the policy-makers and elites with policy-relevant knowledge, (4) the emergence of a network to supply the required information, (5) the emergence of an actual policy transfer network (composed of policy-makers and elite stakeholders), leading to (6) the mobilization of elites and the public concerned (e.g. via information campaigns and mass media exposure). At the time of writing the policy transfer process under investigation stands at phase 7 (interaction), which takes place ‘through the organization of seminars, fact-finding missions, conferences and the exchange of specialist policy advice documents’ (Evans and Davies, 1999: 379). The following phase (8) is concerned with an evaluation of the intelligence gathered. Under considerations of policy feasibility, during this phase there is an evaluation of the actual objects of transfer (e.g. ideas, administrative techniques) their scale and scope. Phase 9 refers to the actual decision-making process and phase 10 is concerned with the implementation of the ‘transferred’ policy. With this article we aim to make a modest contribution to phases 7 (interaction) and 8 (evaluation), in the eventuality that the Government revisits the concept of the household levy (see DCMS, 2016a: 102). It is also intended that this article feeds into ongoing debates around the future of PSM by addressing a policy that has gained traction across Europe but which has been little discussed in the UK context.

In terms of methods, we undertook qualitative document analysis (Atkinson and Coffey, 2004; Forster, 1994; Mason, 2002) of a range of primary documentation drawn from organizations such as (in the UK) the BBC; the BBC Trust, the DCMS; the House of Commons; TV Licensing and (in Germany) reports of the Commission for Ascertain the Financial Needs of the Public Broadcasting Corporations (KEF) and grey literature. Documents were used to provide data for analysis and comparison on a range of areas, including funding arrangements, levels of funding, numbers of licence fee/media levies collected and governance structures. The following section provides an overview of how PSM funding across Europe has developed, where the licence fee has been replaced or where it is coming under question, including a brief history of UK arrangements.

### **The UK licence fee and recent British policy developments**

In the post-war period, broadcasting in the UK was addressed by a series of committees, including Beveridge (1951), Pilkington (1962) and Annan (1977), all recommending the maintenance of the status quo in terms of the PSB funding mechanism (see e.g. Elstein, 2015). This continuity came to an end with the Peacock Committee (the Committee on Financing the BBC), which recommended that ‘British broadcasting should move towards a sophisticated market system based on consumer sovereignty’. In this system viewers would have ‘the option of purchasing the broadcasting services they require from as many alternative sources of supply as possible’ (Peacock, 1986: para 592). Following the Peacock report, in 1987 the licence fee was indexed to the Retail Price Index (Potschka, 2013). Peacock’s long-term vision, however – even though not implemented – continues to inspire the UK policy discourse.

**Figure 1. Emergence and development of a policy transfer network**



(adopted from Evans and Davies, 1999: 377–379)

Since 1927, after the recommendations of the Crawford Committee, the BBC has been perpetuated by ten-year Royal Charters. The tenth Charter (2017–2027) runs for 11 years. This period was chosen to separate reviews from the cycle of general elections (Blumler, 2016: 313).<sup>1</sup> Still, BBC Charter periods are not coterminous with licence fee settlements. In July 2015 a licence fee agreement was reached. The deal led to the fee being frozen at €164.42 (£145.50) until 31 March 2017.<sup>2</sup> On this occasion the government preceded the Charter renewal process by announcing the licence fee settlement less than two weeks before it released the DCMS Green Paper. From 1 April 2017 onwards the BBC was granted a rise in the licence fee to €166.11 (£147) in line with CPI inflation ratings (subject to various conditions), and a lessening of the money that the BBC had to contribute towards broadband rollout,<sup>3</sup> reducing the amount to zero by 2020/2021 (DCMS, 2015a). The major announcement, however, was that the BBC would be required to fund the cost for free television licences for the over-75s, which we discuss in more detail below.

Before the formal commencement of the BBC Charter Review process (2015–2016) in February 2015, the Select Committee for Culture, Media and Sport (hereafter CMS Committee) published a widely debated report on the *Future of the BBC*. The committee had investigated several national models for PSM funding and concluded that ‘[t]he German model of a broadcasting levy on all households is our preferred alternative to the TV licence’ (House of Commons Culture, Media and Sport Committee, 2015a: para 232). According to the report, the key benefit of the German model is that it eliminates licence fee evasion. Furthermore, the household levy was perceived in the report as being fair, while the CMS Committee also considered it applicable for funding public service content outside of the BBC (House of Commons Culture, Media and Sport Committee, 2015a: para 232).

In July 2015, the Department for Culture, Media and Sport (DCMS) initiated a public consultation, which narrowed down the choice of future UK PSM funding models to three options: first, a reformed licence fee; second, a universal public funding model along the lines of the German household levy; and, third, a combination of public funding and subscription (DCMS, 2015a: 51). The consultation, confirmed that the licence fee remains the most popular funding model (DCMS, 2016a: 113). The extraordinarily high number of around 190,000 responses, a majority of which expressed support for the licence fee, restricted the Government’s room for manoeuvre (Blumler, 2016). The following White Paper accordingly

noted in relation to the possibility of a household levy that ‘it would also mean [that a] significant number of people who do not directly consume BBC services would be asked to fund the BBC in a way they do not do so now’ (DCMS, 2016a: 102). The White Paper, which served as a blueprint for the tenth BBC Charter, concluded that the licence fee would be maintained for the present Charter period, but with the change that it would also apply to downloading programmes via the BBC iPlayer.<sup>4</sup> On the future of the licence fee, the Government noted that ‘it may or may not be the best option in the decades beyond, as technology and media consumption habits continue to develop’ (DCMS, 2016a: 102), also leaving open the policy option of a medium-term shift from the licence fee to the household levy. While there is the option for a mid-term review built into the Royal Charter, such a review would not be allowed to consider the appropriateness of the licence fee itself, which could not happen any earlier than the next Charter period (DCMS, 2016b: 57.5). However, after this short outline of recent UK developments with regard to PSM funding, we turn to Germany.

### **The German household levy, policy transfer and feasibility**

In terms of media policy, Germany is a particularly suitable country for policy transfer to the UK as the British played the most decisive role in redesigning the post-war German broadcasting system. Due to these historic ties, which led to a variety of similarities – most striking being the strong PSB regimes and similar conceptions of public value (Lis, Nienstedt and Günster, 2017: 21) – media policy transfer is common between the two countries. In most instances, however, Germany follows the British lead. To give two examples: first, after the UK had introduced a public value test, in 2005, countries with strong PSB regimes across Europe, including Germany, followed suit (see Donders and Moe, 2011).<sup>5</sup> Second, following the Communications Act 2003, the UK merged five erstwhile separated regulatory agencies into one single media and communications regulator: Ofcom (see Doyle and Vick, 2005). When establishing the Licensing and Monitoring Commission (*Kommission für Zulassung und Aufsicht*, ZAK) in 2009, Germany followed the UK example, though in comparison with Ofcom the ZAK is far less powerful (see Potschka, 2012: 18). Having established that policy transfer in general is common between the two countries we now turn to the licence fee.

From the mid-1950s, and, respectively, 1963 until 2012, Germany’s two key public service broadcasters – the Consortium of Public-Law Broadcasting Institutions of the Federal Republic of Germany (ARD) and Second German Television (ZDF) – were funded by a device-dependent licence fee. Initially the level of the fee was set by the Postal Administration, which effectively meant the Federal Government. In 1969, following a judgement of the Federal Administrative Court, this right shifted to the *Länder* (the German states). The *Länder’s* involvement did not comply with the requirement of broadcasting freedom from state interference, as specified by the Federal Constitutional Court in its jurisdiction of broadcasting freedom (Katsirea, 2008: chapter 3; Witteman, 2010). Accordingly, in 1975 the Commission for Ascertaining the Financial Needs of the Public Broadcasting Corporations (KEF) was set up as an independent authority whose task is to check ARD and ZDF’s declared financial requirements for the upcoming licence fee period, and, on this basis, to make recommendations for the level of the fee. The actual decision about the level is taken by the heads of the *Länder* governments, which, however, need to take the KEF’s recommendations into account (BVerfGE, 1994; 2007).

There were four key issues which provoked the German change from the appliance-based licence fee to the household levy. First, the link between receiving device and fee liability was widely regarded as anachronistic. Second, the authority (*Gebühreneinzugszentrale*, GEZ) that monitored licence fee liability and collected the fee was immensely unpopular. Third, there were free-rider problems, particularly in large cities.<sup>6</sup> Fourth, following from demographic developments, ARD and ZDF expected that the established licence fee system would lead to a deficiency in receipts of about €1 billion by 2020 (Herzog and Karppinen, 2014: 422–3).

In a complicated and lengthy political process, various models were discussed and eventually the shift from the licence fee to the household levy was enacted in all 16 *Länder* parliaments. Overall, the reform is widely regarded as being beneficial for ARD and ZDF. During the policy process, once there was widespread agreement for the shift to a household levy, a key goal was to maintain the necessary amount of revenue (Potthast, 2013). This involved the difficult task of detailed calculations about the number of households, and fee liability of businesses including hotels and exemptions. It was, for instance, almost impossible to predict exactly how many households would pay the broadcasting levy. One key question in this regard was the definition of a household.

When the shift took effect on 1 January 2013, the initial level of the fee (then €17.98 per household/month) was maintained. After one year it became clear that the calculations were imprecise and ARD and ZDF had recorded additional receipts. The KEF accordingly recommended reducing the fee to €17.50. The reduction became effective on 1 April 2015. In its recent report the KEF (2016: 16) recommends another reduction to €17.20. In Germany, there is no exemption for older pensioners as in the UK, though reductions for disabled people may include a higher percentage of older people than in the population as a whole

### **UK licence fee enforcement and evasion**

In the UK, the licence fee is required for most households, defined as individuals or families living in some form of accommodation. Renters pay for licences collectively if they are covered under joint tenancy agreements; they pay separately, if they are covered under individual tenancy agreements. For businesses, a single licence can cover the premises no matter how many televisions are contained within it. For businesses with multiple premises, ‘Company Group TV Licences’ are available. These licences cost the same as a single licence multiplied by the number of addresses a company has. Hotels, hostels, and similar types of commercial accommodation have slightly different rules where up a limit of fifteen rooms one licence can suffice (TV Licensing, 2015a). Slightly different rules apply to residential care homes, such as where many older people commonly live (TV Licensing, 2015b).

The UK licence fee applies to watching TV live-as-broadcast, whether on a TV set or as streamed on another device, or downloaded through the BBC iPlayer. In essence, whatever the device, the watching of television demands a licence. The licence fee funds UK BBC television, radio and online services; the BBC World Service, a requirement which stems from the 2010 licence fee settlement; and is ‘top-sliced’ for broadband funding (DCMS, 2015b). Up to 31 March 2017 the UK licence cost €164.42 (£145.50), an annual charge that has been frozen since 2010. On 1 April 2017 it rose to €166.11 (£147.00), only 86% of what it would have been had it been raised in line with inflation: €193.46 (£171.20).<sup>7</sup> The licence fee costs €129.50m (£114.6m) to collect – 3.06% of licence fee income (TV Licensing, 2017: 5). Under the current system, licence fee evasion is estimated to be between 6.2–7.2%, which equates to

lost revenue of between £251m–£291m (BBC/NAO, 2017: 4). There were 189,000 prosecutions for licence fee evasion in 2015 (House of Commons Committee of Public Accounts, 2017), with a fine for non-payment of up to €1,130 (£1,000) (DCMS, 2015b: 54; TV Licensing, 2015c).<sup>8</sup>

Following a Conservative-led initiative to decriminalize non-payment of the licence fee, the UK government appointed David Perry QC in October 2014 to lead an independent review into the law. In its submission to the review, the BBC argued that ‘a criminal framework provides the flexibility needed to create an effective and proportionate deterrent, while helping to ensure value for money for licence fee payers’ (BBC, 2015a: 2). This argument rests on the fact that the BBC cannot restrict licence fee evaders from accessing its services.<sup>9</sup> A significant deterrent to non-payment thus ought to remain in place. In his report, Perry concluded that the current criminal prosecution system should remain in place under the current licence fee system (DCMS, 2015c: 8). Writing before the outcome of the Perry Review, the CMS Committee argued that ‘[o]ur view is that the justification for criminal penalties for non-payment of the TV licence fee and the way TV licensing enforcement is carried out is anachronistic and out of proportion with responses to non-payment for other services’ (House of Commons Culture, Media and Sport Committee, 2015a: 3). It is in the context of the committee’s call for decriminalization, and the possibility that there could be a further decline in the BBC’s income through evasion, that the committee settled on the German model for PSM funding as its preferred option for the UK (House of Commons Culture, Media and Sport Committee, 2015a: 79).<sup>10</sup>

The UK Government’s July 2015 settlement on the licence fee required the BBC to take on the funding of free television licences for viewers aged 75 and over. Free television licences for people in this age bracket had been a long-standing plank in UK social policy. When this has been fully implemented from 2020/2021, it is suggested that it will cost the Corporation approximately €844m (£747m) (Gibbons, 2017: 43). What this actually entails is a removal of direct funding from the Department of Work and Pensions; in recent figures this will entail the equivalent of the licence fee income dropping from some €4.18bn (£3.7bn) to €3.5bn (£3.1bn) (BBC/NAO, 2015: 25; NAO, 2015). The deal does allow the BBC to reintroduce licence fee charges for the over-75s after 2020. (DCMS/ HM Treasury, 2015). However, reintroduction of licence fee payments for over-75s – following a gap of what would be some 20 years after they were abolished by Gordon Brown in 2000 – would be a hard-sell for the BBC, and may meet serious criticism from politicians and from the public. It is for this reason that the then Chair of the BBC Trust, Rona Fairhead, put on record her view that ‘[t]he BBC needs to be very wary of accepting any direct government funding in the future unless there are clear protections’ (Martinson, 2015). The application of a household levy would be one way of having the over-75s paying for PSM without having to reintroduce it under the current arrangements.

### **Applying the principles of the German model to the UK**

Having considered both models, we now seek to apply the German principles to the UK, to provide an analysis for how the current system for funding the BBC might be altered in ways similar to those in Germany. In so doing, we work with the available evidence to make projections, mindful that, in the eventuality of such a system being introduced in the UK, the factors might be rather different. That said, using the following principles from the German model, we seek to apply these to the UK context so as to develop a working model: (1) the

level of revenue under the new system could be maintained, but not increased; (2) defining the number of qualifying households in advance is difficult; (3) the rate may be varied after implementation, if the actual revenue is higher than projected (or lower, as the case may be).

The data (required to advance this analysis) that is in the public domain is somewhat patchy, and presented in different ways in different reports.<sup>11</sup> It is also subject to independent analysis by the National Audit Office (NAO), in annual reports from the Comptroller and Auditor General, Sir Amyas Morse. For example, in the period between 2010–2016, Morse’s work involved scrutinizing the BBC’s ‘evasion model’, upon which the data used in this discussion is based (for a summary of his interventions, see BBC/NAO, 2016: 27). Morse’s recommendations – such as that the BBC should ‘address the inconsistency between the number of licensable student residences in its revenue targets and its evasion model’ (BBC/NAO, 2016: 28) – mean that the statistical picture remains in flux. To make projections by applying the first and second principles from the German model, it is first a case of establishing the number of properties that would qualify (Principle 2), and then a case of calculating the revenue that would be generated if the household levy was set at the same level as the licence fee (see Table 1).

From the 0% evasion projection we see that a household levy set at the current licence fee rate of €166.11 (£147) would raise a revenue of €4.57bn (£4.04bn) for the BBC, a much greater revenue for the corporation than the current licence fee generates. Meeting Principle 1 from the German model – that revenue ought not to be increased under a new system – the levy could be set at the significantly lower rate of €153.92 (£136.21). From the 3.6% evasion projection we see that a household levy set at the current licence fee rate would raise a revenue of €4.40bn (£3.89bn) for the BBC, a slightly greater revenue for the corporation than the current licence fee model. Invoking Principle 1 would in this case mean setting the levy at a more modest rate of €159.66 (£141.29).<sup>12</sup>

**Table 1. Existing licence fee data household levy projections**

	<b>Number of Licensable Premises</b>	<b>Evasion rate</b>	<b>Licences in Force</b>	<b>Level</b>	<b>Revenue</b>
2015 TV Licence fee data	26,916,154	5–6%	25,562,000	€164.42 (£145.50)	€4.22bn (£3.74bn)
2017 TV Licence fee data	~28,000,000	6.2% – 7.2%	~26,000,000	€166.11 (£147) <sup>13</sup>	€4.22bn (£3.74bn)
<i>Household Levy Projections</i>	<i>27,458,077</i>	<i>0%</i>	<i>27,458,077</i>	€166.11 (£147)	<i>€4.57bn (£4.04bn)</i>
<i>Household Levy Projections</i>	<i>27,458,077</i>	<i>3.6%</i>	<i>26,469,586</i>	€166.11 (£147)	<i>€4.40bn (£3.89bn)</i>

Sources (and projections from): BBC/NAO, 2015: 5, 38; BBC/NAO, 2017: 21.<sup>14</sup>

## **Variables and caveats in making projections for the UK**

In setting out such projections, our aim is to provide the starting point for thinking through the possible implications of implementing a German-style household levy. However, there are a range of variables and potential caveats that make predictions difficult. First, as in the German case, the introduction of a such a policy in the UK would doubtless also involve detailed calculations about the number of households, and fee liability of businesses including hotels. While we have used current UK conditions in these projected figures, a new policy could quite conceivably come with new conditions. Second, it cannot be known what societal changes may have taken place by the earliest point at which such a policy might be introduced, in terms of growth in the numbers of households, or in terms of how media consumption might change. For example, the September 2016 change in the law states that ‘[i]t is an offence to watch or record television programmes as they are being shown on any channel and on any broadcast platform (terrestrial, satellite, cable and the internet) or download or watch BBC programmes on demand, including catch up TV, on BBC iPlayer without a valid TV Licence’ (TV Licensing, 2017), and means that those only downloading content from, for example, Netflix or Amazon, do not legally require a licence. As such, the BBC could be susceptible towards more and more consumers only accessing such services, leading to declining revenue. Principle 3 from the German model is applicable here, whereby the rate of the levy may be varied after implementation, once all of these factors have been taken into consideration.

## **Conclusion**

The future of funding for PSM in the UK appears to be fixed until 2027, with the licence fee remaining in place for some years to come. Still, it remains a strong possibility that some form of German-style household levy could be adopted. The BBC itself has not been overly resistant to the idea of such a levy, with the Corporation’s Director-General Lord Hall noting that the licence fee had ‘got 10 years of life left in it’ (BBC News, 2015) and making its own comments on the possibility of introducing the German system for funding. The BBC has also stated that such an introduction would entail a ‘further modernisation [which] would reflect the universal usage of the BBC and the value its services deliver to society as a whole, as well as address the fact that currently people can use the BBC’s radio and text services for free’ (BBC, 2015b: 22). Moreover, as late in the Charter review period as September 2015, the then Secretary of State for the DCMS John Whittingdale showed that he had maintained interest in the idea of a household levy, suggesting that, if linked to the payment of council tax (an existing household payment in the UK), it could be more progressive than the current licence fee model (House of Commons Culture, Media and Sport Committee, 2015b: Q63–64). However, a major obstacle would be to restore funding from the over-75 year olds (8.07% of the UK population) (ONS, 2015), who, if required to pay the new household levy, would be by then contributing to PSM funding for the first time in many years.

Second, whether or not the revenue from the household levy would solely go to fund the BBC, is a pertinent question. The original *Future of the BBC* report had suggested that a household levy could enhance ‘plurality in certain types of content’ (House of Commons Culture, Media and Sport Committee, 2015a: 5), while the BBC White Paper furthered the concept of contestable funding with the planned creation of a pilot *contestable public service content fund* (DCMS, 2016a: 72). In the context of a wider discussion around plurality, it is possible that alternative funding streams could be found for public media content rather than top-slicing the licence fee – as the Puttnam inquiry suggested (Puttnam Inquiry, 2016: 100) – or from civil society (see Bonini and Pais, 2017; López-Golán and Campos-Freire, 2017), or

even from other public bodies which fund arts-based activities. The introduction of a household levy in the UK may provide the Government with the pretext for a greater slice of funding from the levy to be given to other broadcasters, shown in the link made between a levy and plural funding, and in the Government's stressing that the licence fee has not always gone in full to the BBC (DCMS, 2016a: 71). Finally, the German case suggests that application of a household levy could have two key advantages: it could 'future-proof' the BBC's funding, and is expected to lessen the financial burden on each household. On the downside, it reintroduces fee liability for 8.07% of the UK population – the over-75 year olds.

Finally, while the future for PSM funding in the UK remains clear for the remainder of this Charter period, it is quite likely that the UK will follow after some of the other European examples in arriving at post-television licence fee arrangements that allow for substantial public funding for PSM. By addressing such examples, as we have in the case of the German model, policy makers can learn lessons from the implementation processes of other countries, while scholars can consider the implications of such developments. In both cases the use of a comparative research approach allows for the avoidance of an analysis which is overly parochial in its understanding.

## **Acknowledgements**

An earlier version of this article was presented at the European Communication Research and Education Association (ECREA), Communication Law and Policy Section Conference: Policy Challenges in the Austerity & Surveillance Environment. University of Ljubljana, Slovenia, 6–7/11/2015. Our thanks go to the co-authors of it, Corinne Schweizer and Manuel Puppis, for their contributions. We also thank the anonymous reviewers and the editors of this journal for their comments.

## References

- Ala-Fossi M (2012) Social obsolescence of the TV fee and the financial crisis of Finnish public service media. *Journal of Media Business Studies* 9(1): 33–54.
- Atkinson P and Coffey A (2004) Analysing documentary realities. In: Silverman D (ed.) *Qualitative research: Theory, method and practice*. London: Sage, pp. 56–75.
- BBC (2015a) *TV licence enforcement review. Submission from the BBC in response to consultation. April 2015*. London: BBC. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/445844/\\_45\\_2015\\_04\\_24\\_-\\_BBC\\_RESPONSE\\_TO\\_CONSULTATION.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445844/_45_2015_04_24_-_BBC_RESPONSE_TO_CONSULTATION.pdf) (accessed 17 July 2015).
- BBC (2015b) *British bold creative: The BBC's programmes and services in the next Charter. September 2015*. London: BBC. Available at: <http://downloads.bbc.co.uk/aboutthebbc/reports/pdf/futureofthebbc2015.pdf> (accessed 9 September 2015).
- BBC (2016) *BBC annual report and accounts 2015/16*. London: BBC. Available at: <http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/reports/pdf/bbc-annualreport-201516.pdf> (accessed 21 July 2016).
- BBC/NAO (2015) *British Broadcasting Corporation Television Licence Fee Trust statement for the year ending 31 March 2015*. London: BBC. Available at: <https://www.nao.org.uk/wp-content/uploads/2015/07/BBC-Television-Licence-Fee-Trust-Statement-31-March-2015.pdf> (accessed 23 September 2015).
- BBC/NAO (2016) *British Broadcasting Corporation Television Licence Fee Trust statement for the year ending 31 March 2016*. London: BBC. Available at: <https://www.nao.org.uk/wp-content/uploads/2016/07/British-Broadcasting-Corporation-Television-Licence-fee-Trust-Statement-for-the-Year-Ending-31-March-2016.pdf> (accessed 27 June 2017).
- BBC/NAO (2017) *TV licence fee collection. Report by the Comptroller and Auditor General presented to the BBC Trust Value for Money Committee, 23 January 2017*. London: BBC. Available at: <https://www.nao.org.uk/wp-content/uploads/2017/02/BBC-TV-licence-fee-collection.pdf> (accessed 27 June 2017).
- BBC News (2015) BBC director general defends licence fee deal. Available at: <http://www.bbc.co.uk/news/entertainment-arts-33422814> (accessed 23 September 2015).
- BBC Trust (2010) BBC licence fee settlement 20 October 2010. Available at: [http://www.bbc.co.uk/bbctrust/news/press\\_releases/2010/licence\\_fee\\_settlement.html](http://www.bbc.co.uk/bbctrust/news/press_releases/2010/licence_fee_settlement.html) (accessed 4 January 2014).
- Blumler JG (2016) To be independent or not to be independent, that is the question. BBC-UK Government relations, 2016. *Publizistik* 61(3): 305–320.
- Bonini T and Pais I (2017) Hacking public service media funding: A scenario for rethinking the license fee as a form of civic crowdfunding. *International Journal of Media Management* 19(2): 123–143.
- BVerfGE (2007) Urteil vom 11. September 2007, Az. 1BvR 2270/05 [11<sup>th</sup> broadcasting decision of the Federal Constitutional Court, BVerfGE, 119, 181].
- BVerfGE (1994) Urteil des Ersten Senats vom 22. Februar 1994, 1 BvL 30/88 [8<sup>th</sup> broadcasting decision of the Federal Constitutional Court, BVerfGE 90, 60].
- Crisell A (2002) *An introductory history of British broadcasting, Second Edition*. London:

- Routledge.
- d'Haenens L (2017) The Netherlands: Organizational transformation, a means to do more with less? In: Herzog C, Novy L, Hilker H and Torun O (eds) (2017) *Transparency and funding of public service media: Die deutsche Debatte im internationalen Kontext*. Wiesbaden: Springer VS, pp. 31–40.
- DCMS (2015a) BBC to fund provision of free television licences for over-75s. Available at: <https://www.gov.uk/government/news/bbc-to-fund-provision-of-free-television-licences-for-over-75s> (accessed 23 September 2015).
- DCMS (2015b) *BBC Charter Review: Public consultation. 16 July – 8 October 2015*. London: DCMS. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/445704/BBC\\_Charter\\_Review\\_Consultation\\_WEB.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445704/BBC_Charter_Review_Consultation_WEB.pdf) (accessed 16 July 2015).
- DCMS (2015c) *TV Licence Fee Enforcement Review. Presented to the Houses of Parliament pursuant to section 77 of the Deregulation Act 2015. July 2015*. London: DCMS. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/445212/166926\\_Perry\\_Review\\_Text-L-PB.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445212/166926_Perry_Review_Text-L-PB.pdf) (accessed 17 July 2015).
- DCMS (2016a) *A BBC for the future: a broadcaster of distinction*. London: DCMS. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/524863/DCMS\\_A\\_BBC\\_for\\_the\\_future\\_linked\\_rev1.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/524863/DCMS_A_BBC_for_the_future_linked_rev1.pdf) (accessed 7 June 2016).
- DCMS (2016b) *Broadcasting: Copy of Royal Charter for the continuance of the British Broadcasting Corporation*. London: DCMS. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/577829/57964\\_CM\\_9365\\_Charter\\_Accessible.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/577829/57964_CM_9365_Charter_Accessible.pdf) (accessed 19 December 2016).
- DCMS/HM Treasury (2015) *Arrangements for over-75s TV licence concession from 2017/18*. London: DCMS. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/443735/Letter\\_from\\_George\\_Osborne\\_and\\_John\\_Whittingdale\\_to\\_Tony\\_Hall\\_FINAL.PDF](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443735/Letter_from_George_Osborne_and_John_Whittingdale_to_Tony_Hall_FINAL.PDF) (accessed 23 September 2015).
- Dolowitz DP and Marsh D (2000) Learning from abroad: The role of policy transfer in contemporary policy-making. *Governance* 13(1): 5–23.
- Donders, K and Moe, H (eds) (2011) *Exporting the Public Value Test: The regulation of public broadcasters' new media services across Europe*. Gothenburg: Nordicom.
- Doyle G and Vick DW (2005) The Communications Act 2003: A new regulatory framework in the UK. *Convergence* 11(3): 75–94.
- Elstein D (2015) *The political structure of UK broadcasting 1949–1999*. Lüneburg: Meson Press.
- Enders Analysis (2015) PSB at risk in the world. Available at: <http://www.endersanalysis.com/content/publication/psb-risk-world> (accessed 3 July 2017).
- Engblom LA (2012) The Swedish license-fee system: once more under reconsideration. *Journal of Media Business Studies* 9(1): 23–32.
- Evans M and Davies J (1999) Understanding policy transfer: A multi-level, multi-disciplinary perspective. *Public Administration* 77(2): 361–385.

- Forster N (1994) The analysis of company documentation. In: Cassell C and Symon G (eds) *Qualitative methods in organizational research: a practical guide*. London: Sage, pp. 147-166.
- Gibbons T (2017) Restraining the BBC: The 2016 Charter settlement. *Journal of Media Law* 9(1): 28–44.
- Herzog C and Karppinen K (2014) Policy streams and public service media funding reforms in Germany and Finland. *European Journal of Communication* 29(4): 416–432.
- Herzog C and Tracey M (2016) British broadcasting policy during the seventh BBC Charter period 1996–2006. *Rundfunk und Geschichte [Broadcasting and History]* 42(1–2): 19–26.
- Herzog C, Novy L, Hilker H and Torun O (eds) (2017) *Transparency and funding of public service media: Die deutsche Debatte im internationalen Kontext*. Wiesbaden: Springer VS.
- HM Treasury (2010) *Spending Review 2010 (Cm 7942)*. London: The Stationary Office.
- Hornickel H (2017) Gedanken zur Rundfunkfinanzierung [Thoughts about broadcasting funding]. *Neue Zeitschrift für Verwaltungsrecht [New Journal for Administrative Law]* 36(3): 118–122.
- House of Commons Culture, Media and Sport Committee (2015a) *Future of the BBC* (HC 315). London: The Stationary Office.
- House of Commons Culture, Media and Sport Committee (2015b) Oral evidence: Priorities of the Secretary of State for Culture, Media and Sport, HC 358. Wednesday 9 September 2015. Available at: <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/culture-media-and-sport-committee/priorities-of-the-secretary-of-state/oral/21537.html> (accessed 19 June 2017)
- House of Commons Committee of Public Accounts (2017) *BBC licence fee Fifty-ninth Report of Session 2016–17* (HC 1037). London: The Stationary Office.
- Humphreys PJ (2009) EU state aid rules, public service broadcasters' online media engagement and public value tests: The German and UK cases compared. *Interactions: Studies in Communication and Culture* 1(2): 171–84.
- Karppinen K and Ala-Fossi M (2017) Finland: Maintaining the fragile consensus. In: Herzog C, Novy L, Hilker H and Torun O (eds) (2017) *Transparency and funding of public service media: Die deutsche Debatte im internationalen Kontext* [The German debate in international context]. Wiesbaden: Springer VS, pp. 107–117.
- Katsirea I (2008) *Public broadcasting and European law: A comparative examination of public service obligations in six member states*. Alphen aan den Rijn: Kluwer, Law International.
- KEF (2016) *20. Bericht* [20<sup>th</sup> Report]. Mainz: KEF.
- KEF (2009) *17. Bericht* [17<sup>th</sup> Report]. Mainz: KEF.
- Künzler M, Puppis M, Schweizer C and Studer S (2013) *Monitoring Report 'Finanzierung des öffentlichen Rundfunks' [Financing PSB]*. University of Zurich: IPMZ.
- Lis B., Nienstedt H.-W. and Günster, C. (2017) No public value without a valued public. *International Journal on Media Management*. <http://dx.doi.org/10.1080/14241277.2017.1389730>.

- López-Golán M and Campos-Freire F (2017) Crowdfunding: A possible complementary funding model for European public service broadcasting. In: Rocha A, Correia AM, Adeli H, Reis LP and Costanzo S (eds) *Recent advances in information systems and technologies*, Vol 3. Cham: Springer, pp. 13–22.
- Lowe GF and Berg CE (2013) The funding of public service media: A matter of value and values, *International Journal on Media Management* 15(2): 77–97.
- Martinson J (2015) Rona Fairhead: ‘The word of a chancellor you should be able to trust’, *The Guardian*. Available at: <http://www.theguardian.com/media/2015/jul/12/rona-fairhead-bbc-trust-licence-fee-resign> (accessed 6 October 2015).
- Mason J (2002) *Qualitative researching*. London: Sage, pp. 103–119.
- ONS (2015) 2014-based national population projections. Available at: <https://www.ons.gov.uk/file?uri=/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2015-10-29/88c88b50.xls> (accessed 19 June 2017).
- Peacock A (chair) (1986) *Report of the Committee on Financing the BBC*. Cmnd. 9824. London: HMSO.
- Potthast KP (2013) Entstehungsgeschichte des Fünfzehnten Rundfunkänderungsstaatsvertrages [Evolutionary history of the 15th Amendment to the Interstate Treaty on Broadcasting and Telemedia]. In: Hartstein R, Dörr K and Cole S (eds) *Rundfunkstaatsvertrag. Kommentar [Interstate Treaty on Broadcasting and Telemedia. Commentary]*. Heidelberg: Rehm, pp. 455–487.
- Puppis M and d’Haenens L (2012) Comparing media policy and regulation. In: Esser F and Hanitzsch T (eds) *The handbook of comparative communication research*. New York: Routledge, pp. 221–233.
- Putnam Inquiry (2016) *A future for public service television: Content and platforms in a digital world. A report on the future of public service television in the UK in the 21<sup>st</sup> century*. London: Goldsmiths, University of London.
- Potschka C (2011) Broadcasting licence fee settlements in the UK and Germany. *Economic Affairs* 31(1): 115–117.
- Potschka C (2012) *Towards a market in broadcasting: Communications policy in the UK and Germany*. Basingstoke: Palgrave Macmillan.
- Potschka C (2013) Broadcasting and market-driven politics in the UK and Germany: the Peacock Committee in comparative perspective. *International Journal of Cultural Policy* 19(5): 595–609.
- Swissinfo (2017) Radio and TV licence fee vote to be held next March. [https://www.swissinfo.ch/eng/politics/march-4--2018\\_radio-and-tv-licence-fee-vote-to-be-held-next-march/43606888](https://www.swissinfo.ch/eng/politics/march-4--2018_radio-and-tv-licence-fee-vote-to-be-held-next-march/43606888) (accessed 20 November 2017).
- TV Licensing (2015a) Hotels, hostels, mobile units and campsites. Available at: <http://www.tvlicensing.co.uk/check-if-you-need-one/business-and-organisations/hotels-hostels-mobile-units-and-campsites-aud13> (accessed 16 September 2016).
- TV Licensing (2015b) Residential care homes. <http://www.tvlicensing.co.uk/check-if-you-need-one/business-and-organisations/residential-care-homes-aud14> (accessed 16 September 2016).
- TV Licensing (2015c) Detection and penalties. <http://www.tvlicensing.co.uk/check-if-you-need-one/topics/detection-and-penalties-top5> (accessed 16 September 2016).

- TV Licensing (2017) Legal framework. Available at: <http://www.tvlicensing.co.uk/about/foi-legal-framework-AB16> (accessed 30 June 2017).
- Wittman C (2010) Constitutionalizing communications: The German constitutional court's jurisprudence of communications freedom. *Hastings International and Comparative Law Review* 33(1): 95–201.

## Notes

---

<sup>1</sup> At the time this clause was designed it was assumed under the terms of the Fixed-term Parliaments Act 2011 that the next General Election would take place in May 2020. However, the unexpected General Election of June 2017 means that the timetable has been reset. Another election before the projected June 2022 date could again shift the cycle.

<sup>2</sup> All currency conversions calculated at £1 = €1.13; rate correct on 27 June 2017.

<sup>3</sup> The previous licence fee settlement had taken place in October 2010. It resulted in a freeze in the licence fee, from the 2010 level to 2016/2017 and entailed that the Corporation would have to cover the costs of the BBC World Service, BBC Monitoring and part of the S4C budget (BBC Trust, 2010; Potschka, 2011). The deal was projected to save the Treasury €384.2 (£340m)<sup>3</sup> (between 2010 and 2015) (HM Treasury, 2010: 66).

<sup>4</sup> The mentioned change took place in September 2016. Previously only those users who streamed programmes ‘as live’ needed to pay the licence fee. At the time of writing, users of the BBC iPlayer are prompted with a message reminding them of the legal requirement to have a television licence in order to consume content; as yet there is no encryption to limit consumption to licence fee payers only.

<sup>5</sup> The German variant of the public value test, which came into effect in 2009, is called Three-Step Test (*Dreistufentest*) (see eg. Herzog and Tracey, 2016: 26; Humphreys, 2009).

<sup>6</sup> The KEF mentions that these problems were particularly striking in Berlin, Frankfurt/Main, Munich and Stuttgart. Free-rider problems created financial difficulties for the Rundfunk Berlin-Brandenburg (RBB), the ARD corporation which serves the *Länder* Berlin and Brandenburg. As more than 50% of the RBB licence fee contributors live in Berlin and fee enforcement did not work efficiently, the RBB recorded a deficiency of receipts (KEF, 2009: 228).

<sup>7</sup> According to a calculation by Enders Analysis (2015 in Blumler, 2016: 309) the BBC’s level of funding decreased by 20% since 2010/2011.

<sup>8</sup> According to the BBC the average fine is €191 (£169) (BBC, 2015a: 14).

<sup>9</sup> For instance, BBC television services are not encrypted on digital terrestrial television (DTT) transmissions.

<sup>10</sup> According to Hornickel (2017) almost 5% of German households refuse to pay the household levy. One consequence is compulsory foreclosure (*Zwangsvollstreckung*).

<sup>11</sup> The BBC/NAO 2017’s report refers to ‘just over 26 million licences in force’, out of ‘28 million premises estimated to require a licence’ (BBC/NAO, 2017: 14). However, in a 2015 report, a much more detailed picture was presented, with the figures provided that showed that 25,562,000 licences were in force out of a potential 26,916,154 licensable premises (BBC/NAO, 2015: 29).

<sup>12</sup> In this model we use a mid-point between the 2015 (more precise data) and the 2017 (less precise data) for licensable premises, 27,458,077. Having modelled a 0% evasion rate, we then use a 3.6% evasion rate to project revenue for the Household Levy (that is the midpoint between the 0% evasion rate, the best-case scenario, and the 7.2% evasion rate, the worst-case scenario). While the elimination of licence fee evasion is seen as a key benefit of a household levy by the House of Commons Culture, Media and Sport Committee, it is difficult to see how evasion could ever be entirely eradicated.

<sup>13</sup> From 1 April 2017.

<sup>14</sup> The figures presented in the ‘Licences in Force’, ‘Level’ and ‘Revenue’ columns for the 2015 and 2017 Licence Fee Data are drawn distinctly from the BBC/NAO (2015, 2017) reports; the revenue calculations presented in those rows are therefore the BBC’s own, and are not those of the authors. Those figures in italics are the calculations of the authors.