

TV Licensing Annual Review 2012/13



Simple to pay
Enjoy every day

2012

The year of live TV

We still love to get together to watch the big live TV events as they happen, and in 2012 several big events kept us glued to our screens in huge numbers.



2012

The year of live TV



On Christmas Day alone, 1.2m people watched programmes on tablets via iPlayer. Now more than 30 per cent of programmes watched on iPlayer are viewed on mobile and tablet devices.²

We are a nation of TV lovers. Whether it's enjoying our favourite soaps on the sofa with the family or catching a bit of the match on the move, TV and our shared enjoyment of it is a huge part of our daily lives.

The ways we watch TV are changing at a rapid pace, driven by developments in technology and new TV services launching. The rise of online viewing and the proliferation of viewing technologies means our TV viewing is no longer confined to the traditional TV set.

This year, tablets have come to the fore as the mobile viewing device of choice for many people, and the percentage of households with a tablet has doubled compared to the previous year.¹

The digital revolution is also changing the way we engage with our favourite programmes. These days we're equally likely to chat on social media in real time about our favourite programmes as we are to talk over the watercooler the following day.

A quarter of all UK adults regularly go online to interact with, or communicate about, the TV content they are viewing.

Reassuringly some things don't change, even though some TV habits are changing in response to our busy lifestyles and new technologies. Industry estimates show the vast majority of households (96 per cent) have at least one TV set.³

Despite the huge range of devices now at our disposal, we're still watching the majority of our TV on a TV set. Most of our viewing is live – 89 per cent of our overall viewing in 2012⁴ – with on demand viewing supplementing our usual TV diet. Fewer than 2 per cent of households watch only catch-up TV so don't need a licence.⁵

(1 and 4) Ofcom Communications Market Report 2013 (2) bbc.co.uk

(3) Broadcasters' Audience Research Board (BARB)

(5) BARB Establishment Survey, Q2 2013

2012

The year of live TV



We still love to get together to watch the big live TV events as they happen, and several big events glued us to our screens in huge numbers in 2012/13, including:

Closing Ceremony
Olympics 2012

24m

England v Italy
UEFA European
Championships

20m

Live Final
Strictly Come
Dancing

13m

Average number of viewers

You can read more about TV viewing trends in our TeleScope 2013 report, at www.tvlicensing.co.uk/telescope2013

2012

The year of live TV

Ownership of different devices UK Households

96%

Television
BARB 2013 estimate

79%

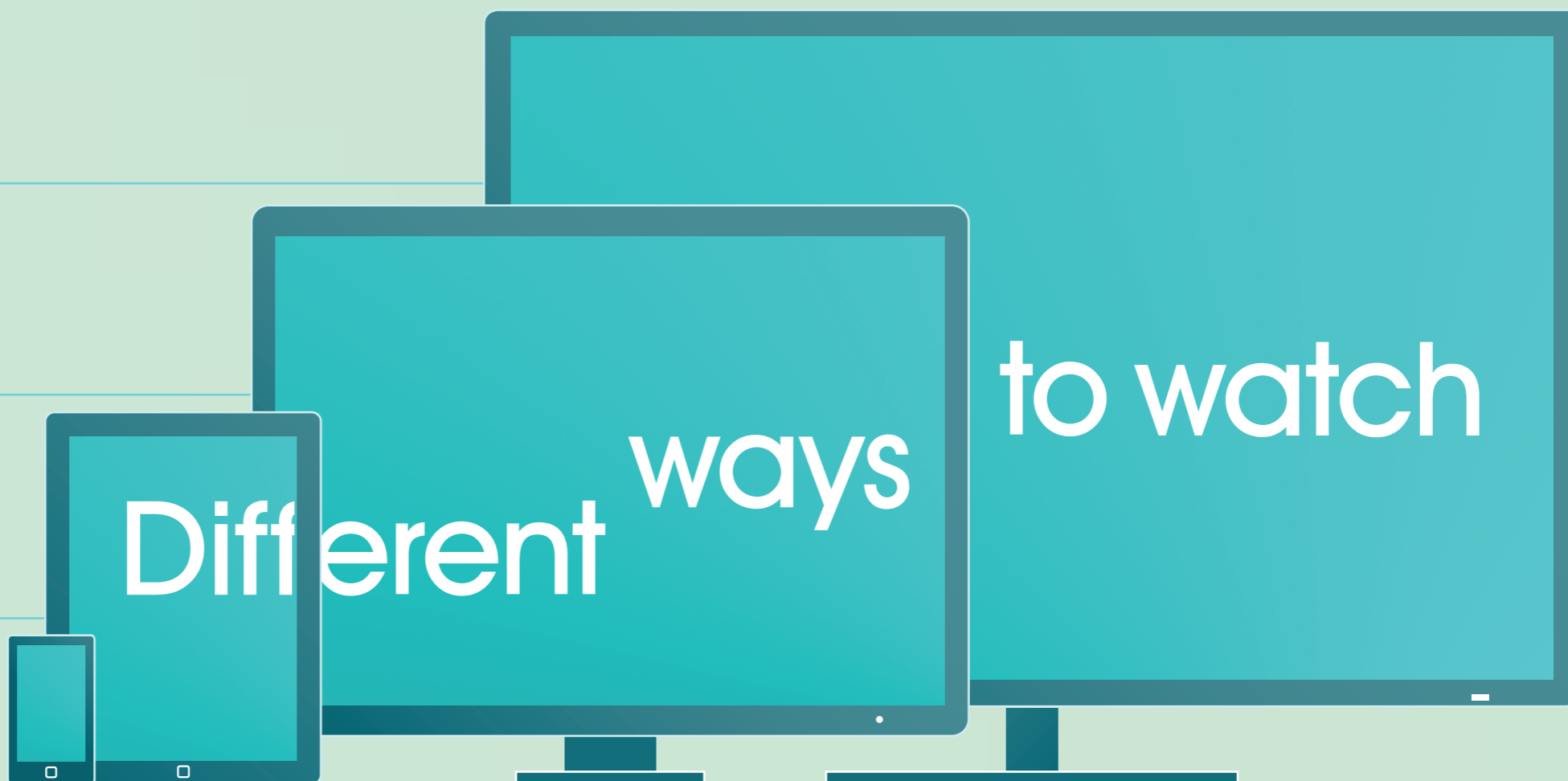
Laptop/Computer
As at Q1 2013

24%

Tablet
As at Q1 2013

51%

Smartphone
As at Q1 2013



Licensed to enjoy

Our customers are using new technology and ways of watching to tailor their TV viewing to suit their lifestyles.



Licensed to enjoy



We listen to licence fee payers and we're always trying to find more ways to support customers, no matter what payment method is used.

Just as our customers are using new technology and ways of watching to tailor their TV viewing to suit their lifestyles, we provide a range of ways to pay for a licence so everyone can find the best way for them.

A colour TV Licence costs £145.50. We know not everyone can pay the full amount up front, and so we offer ways for people to spread the cost.

Direct Debit allows people to pay annually, monthly or quarterly, and people can pay in cash instalments weekly, monthly or fortnightly at any one of over 25,000 PayPoint outlets UK-wide.¹

Most of our customers (71 per cent²) pay by Direct Debit. We continue to provide a range of other payment methods – including paying with a debit or credit card online or by phone, paying in full at a PayPoint outlet or by putting a cheque in the post.

We know a 'one size fits all' approach won't work for all our 25m customers, so we communicate with our customers differently depending on the payment method they use.

Customers who pay by Direct Debit will have their licence automatically renewed each year as long as they keep up to date with their payments.

(1) Post Offices in the Channel Islands and Isle of Man
(2) This does not include those customers with free over 75 licences

Licensed to enjoy



We have contacted 14m of our Direct Debit customers to let them know they will no longer receive an annual paper licence if they continue to pay on time.

On the other hand, many cash instalment customers like to receive text reminders each time a payment is due.

“Money Advice Scotland is once again delighted to endorse TV Licensing’s annual review. We have a long established working relationship with the organisation spanning over the last 15 years, and this has resulted in mutual benefits.”

“It helps keep the money advice sector close to the changes which are taking place within TV Licensing, and for the sector to feedback into the system as to how things work in practice.”

“The next few years will be difficult for families and it is imperative that they have the right information, and when in difficulty feel confident to be able to contact TV Licensing who offer a range of payment methods.”



Yvonne MacDermid
Money Advice Scotland
Chief Executive

Who we are

‘TV Licensing’ is a trade mark of the BBC and is used under licence by companies contracted by it to administer the collection of the licence fee and enforcement of the television licensing system.



Who we are



Our aim is to collect the licence fee as efficiently as we can to provide as much funding as possible for BBC programmes and services.

We always prefer people to pay but, on behalf of the honest majority, we will pursue those who refuse to buy a licence when one is needed.

We work hard to make it clear to people when they need a licence and provide a choice of simple ways to pay.

Our partner organisations in 2012/13

The following specialist organisations use the 'TV Licensing' trade mark, led by a small team at the BBC.

- **Capita Business Services**
customer service centres, payment processing, web services, enforcement
- **PayPoint**
over the counter ways to pay*
- **Proximity London**
marketing and printing services
- **UK Mail**
postal service
- **Mediaedge:CIA International**
media services

* Post Office in the Channel Islands and Isle of Man

What we do

- Helping people to pay
- Reaching our customers



What we do

Helping people to pay

71%

Licences paid
by Direct Debit



Direct Debit is the most popular way to pay for a licence but there are numerous other payment methods too.

More than 71 per cent of licences issued were paid for by Direct Debit, up from 70 per cent last year.

This year 2.8m licences were bought on our website, up from 2.5m last year (an increase of 10 per cent).

These purchases made up more than a third (34.7 per cent) of sales – not including automatically renewed Direct Debit and over 75 licences.

We have seen a slight upturn in customers choosing to pay in full with credit or debit cards online or by phone (9.9 per cent of sales, up from 9.5 per cent in 2011/12).

This increase is largely driven by people paying the fee in full on the TV Licensing website.

More and more of our customers are choosing to receive their licence by email which, as well as being quicker and easier for them, helps keep our printing and postage costs down.

There are now 4.2m customers who have opted to receive their licence by email, instead of waiting for it to drop on to the doormat.

This is up 35 per cent on last year (3.1m) and the upwards trend is likely to continue as customers become increasingly comfortable with transacting online.

Customers on cash payment schemes are able to make payments by text message, and the extra convenience this offers has seen this method of payment continue to rise in popularity. More than 748,000 payments were made by text message, an increase of 25 per cent on the previous year.

What we do

Reaching our customers

15.6m

Web visits

www.tvlicensing.co.uk/



With so many UK homes and businesses enjoying live TV, we employ a wide range of ways to let people know when they need a TV Licence and how they can pay for one.

We use letters, email, our website, telephone calls, texts, advertising, public relations, social media and our team of enquiry officers to contact customers.

Letters

Letters remain an effective way of contacting our customers in many circumstances. Most people pay for their licence on time, but if we don't receive a reply our reminder letters get progressively stronger in tone to encourage a response.

Website

Our website is fast becoming our customers' first port of call when they need to contact us, or pay for a licence. The site received 15.6m visits, from 12.9m customers last year, a 22 per cent increase.

Customers carried out over 5m transactions to the website, up 18 per cent on 2011/12. We are constantly improving the site to make it as quick and easy as possible for people to use.

Email

Whenever we can we use email to contact our customers, if they have given their permission for us to contact them in this way. The number of people who have opted to receive communications from TV Licensing by email has increased to 6.3m, up from 4.8m last year.

What we do

Reaching our customers



Advertising

In August 2013 we launched two new trails which highlighted how easily home movers can take their licence with them and weekly payment plans. The trails can be viewed at www.youtube.com/tvlicensing.

“It is an integral part of our role to form partnerships with other organisations such as TV Licensing. This helps us to provide information for people who might need it – for example, providing literature about the different ways to pay for a TV Licence for those who might have English as a second language.”



Karen Armitage
Chief Executive
Stafford and Rural Homes

What we do

Reaching our customers



We used animations to bring to life the excuses we've heard for not having a TV Licence. You can view the series at www.youtube.com/tvlicensing

Public relations and social media

We work with many organisations to communicate with hard-to-reach and low-income groups. These partnerships are vital in helping us highlight licence fee concessions and payment options to communities across the UK. In the past year, we worked with 86 national umbrella organisations including RNIB, the Magistrates' Association, Citizens Advice, and Age UK.

We also worked with 356 local organisations. You can read what our partner organisations have to say about our work with them throughout the report.

You can read more about our community relations programme at www.tvlicensing.co.uk/community-relations

We also reach our customers through traditional and social media with important messages about when a licence is needed and how to pay for one. One of our recent campaigns used animations to bring to life the most far-fetched excuses our staff have heard for not having a TV Licence.

"Rights 4 Seniors seeks to ensure older people in Northern Ireland, and those who work with them, are fully aware of all their rights and entitlements."

"The free licence for over 75s, short-term licence for 74-year-olds and the provisions for residents of care accommodation are important concessions."

"We work closely with the TV Licensing community relations team to alert older people to these concessions by including information on all our digital platforms, as well as by helping to distribute information leaflets."



Ciaran Arthurs
Project Manager
Rights 4 Seniors

What we do

Reaching our customers

2.5%

Decrease in complaints



Complaints

We always aim to do things right first time. If we do make a mistake, we apologise, correct things and establish what went wrong so we can stop it happening again. We are steadily driving down complaints, which were 2.5 per cent lower than last year, the fourth consecutive annual decrease.

Texts

We sent an average of 777,000 reminder text messages each month to customers on cash instalment schemes. This is an increase of 6.4 per cent compared to last year.

Field team

If our database shows no licence is held at an address, one of our enquiry officers may visit to check whether a licence is needed. If somebody is found to be watching TV without a licence, enquiry officers take a statement and our legal experts then consider the case for prosecution.

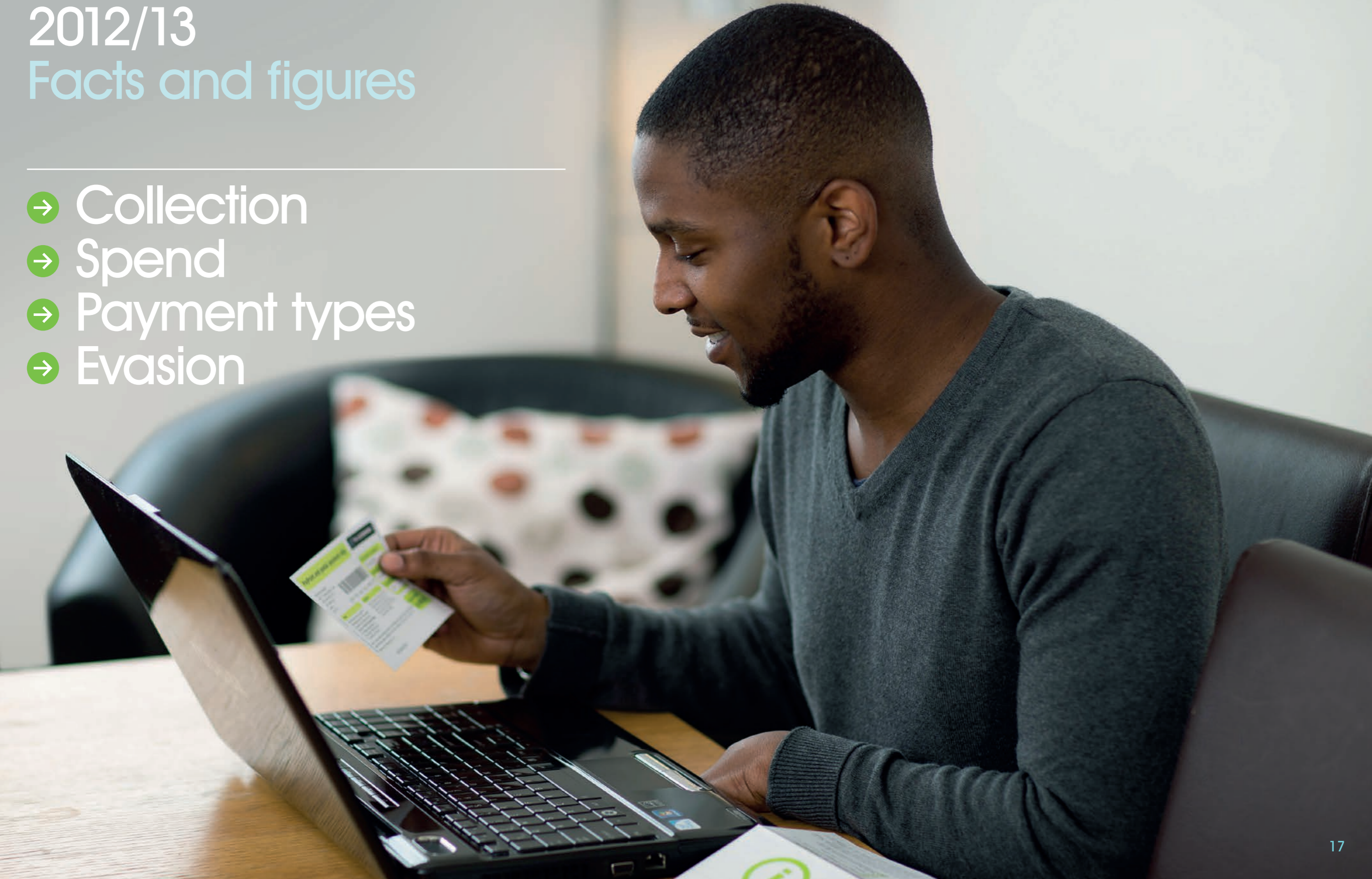
We give people every opportunity to pay, and will only prosecute as a last resort. TV Licensing caught more than 400,000 people across the UK watching TV without a licence in the year 2012.

Customer service centre

We have seen the number of calls to our customer service centre steadily decrease – we had 3 per cent fewer calls (6m) than last year. This is due to our customers increasingly using our online and self-service channels when they need to contact us.

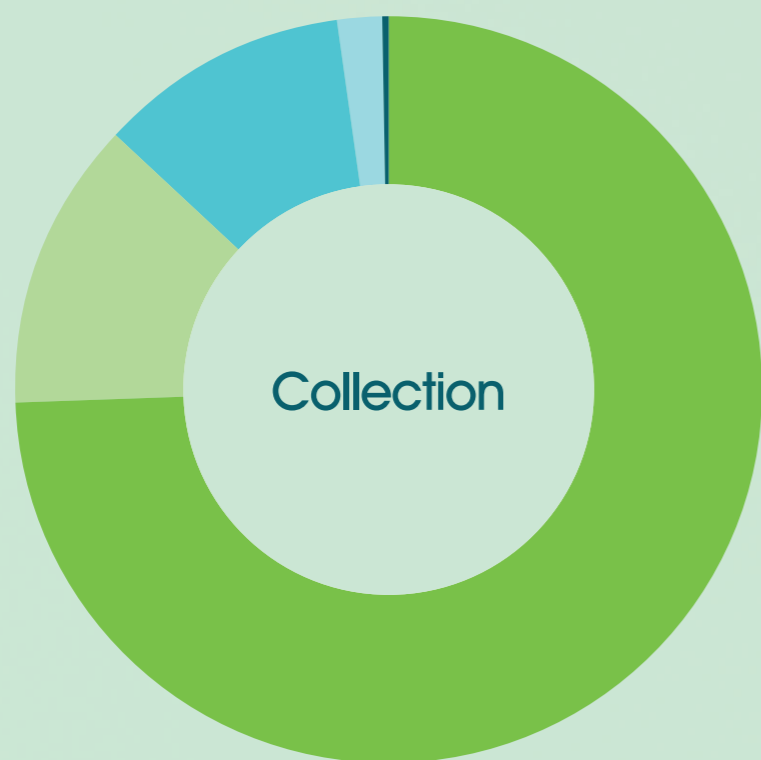
2012/13 Facts and figures

- Collection
- Spend
- Payment types
- Evasion



2012/13 Facts and figures

Collection



● Collection costs	£83m	74.5%
● Communications	£14m	12.6%
● Postage	£12.2m	11%
● Depreciation	£2.1m	1.9%
● Other	£0.1m	0.1%
	£111.4m	100%

In the past twelve months, TV Licensing collected £3.7bn in licence fees, an increase of £6.7m on last year. The cost of a licence is fixed at £145.50 until 2016.

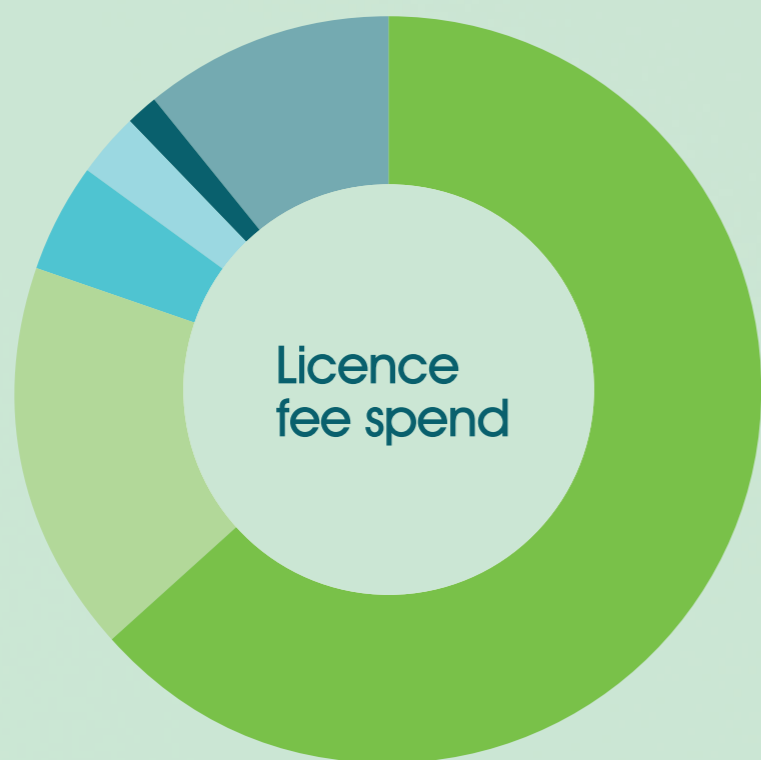
The cost of collecting the fee was £111m, down from £126m last year. This equates to 3p in each £1 collected, down from 3.4p last year.

The reduction is largely a result of a new collection contract which came into force in July 2012 and which will save an estimated £220m over eight years.

Since 1991, costs, as a proportion of income, reduced by more than half (52 per cent).

2012/13 Facts and figures

Spend



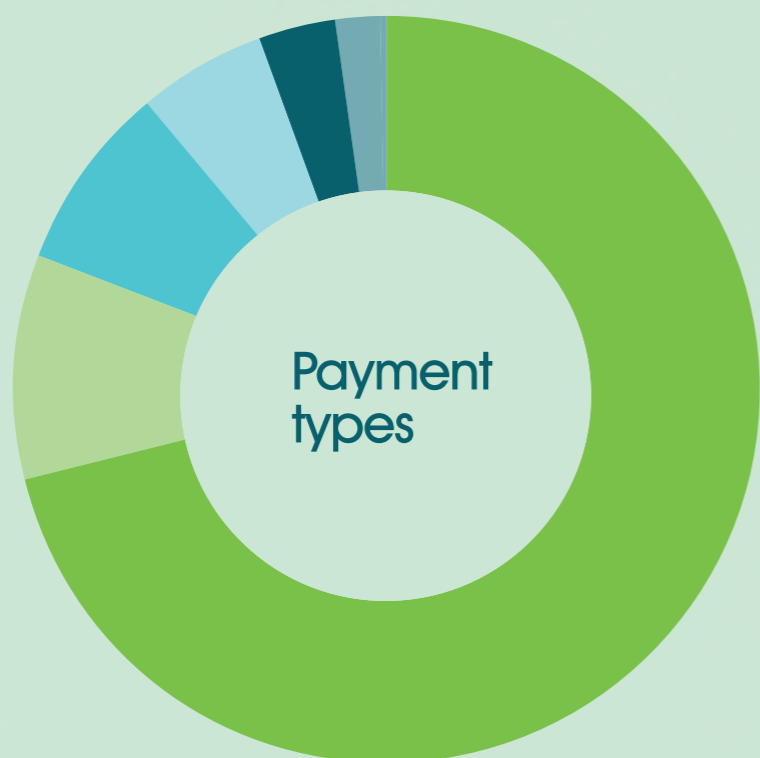
● Television	63.4%
● Radio	17.2%
● Online	4.5%
● Collection	2.8%
● Digital – marketing & help scheme	1.5%
● Other	10.6%

This graph shows how the BBC spent the licence fee in 2012/13.

You can see more information about how the licence fee is spent at www.bbc.co.uk/aboutthebbc/insidethebbc/whoweare/licencefee

2012/13 Facts and figures

Payment types



● Direct Debit	71.1%
● Credit/Debit card	9.9%
● Payment Card	8%
● PayPoint	5.5%
● Cheque via post	3.3%
● Savings Card	2%
● Home banking	0.2%
● Post Office in Channel Islands	0.1%

This graph shows the percentage of licences issued by payment channel, not including free over 75 licences.

Direct Debit

Customers who pay by monthly, quarterly or annual Direct Debit.

Credit/Debit Card

Customers who pay the fee in full by credit or debit card, either online or by phone.

Payment Card

Customers who pay for their licence in weekly, fortnightly or monthly cash instalments at PayPoint outlets, online, by phone or by text.

PayPoint

Customers who pay the licence fee in full at a PayPoint outlet.

Cheque via post

Customers who pay the fee in full by posting a cheque.

Savings Card

Customers who use our Savings Card scheme to put as little as £2 per month towards the cost of their next licence.

Home banking

Customers who pay the fee in full through their online banking service.

Post Offices in Channel Islands

Customers in the Channel Islands or Isle of Man who pay their licence in full or in weekly, fortnightly or monthly cash instalments at Post Offices.

2012/13 Facts and figures

Evasion



	Income collected	Evasion rate [†]
2008/09	95.1%	4.9%
2009/10	95.1%	4.9%
2010/11	94.9%	5.1%
2011/12	94.5%	5.5%
2012/13	94.5%	5.5%

We do everything we can to make sure people know when they need a TV Licence and ways to pay.

Whilst the vast majority of people are correctly licensed, a small number of people deliberately avoid paying.

On behalf of the honest majority who do pay for their licence, we take action against people who try to evade the fee.

This is important because we have a duty to enforce the law, and to generate as much funding for BBC programmes and services as possible.

The rate of evasion has remained low for the past five years, despite increasing pressure on household budgets.

Evasion has remained steady at around the same level of five per cent, meaning the overwhelming majority of people - around 19 out of 20 households and businesses - are correctly covered by a TV Licence.

This year evasion represented £216m in lost income to the BBC.

[†] Historical evasion is restated using latest assumptions

When you need a licence

Colour TV Licence
£145.50



Everyone in the UK who watches or records TV programmes as they are shown on TV needs to be covered by a TV Licence. This applies if you're watching on a computer, tablet, smartphone or any other equipment.

The government sets the level of the licence fee which is frozen at its current level of £145.50 until 2016. A black and white TV Licence is £49.

Around 96 per cent of households¹ have a TV set and more are watching on other devices such as laptops, tablets and smartphones.

Concessions are set by government and are available for people who are aged 75 or over, blind or severely sight impaired and those living in qualifying residential care and who are disabled or over 60.

More information on when you need a licence can be found at www.tvlicensing.co.uk/check-if-you-need-one/

"We welcome TV Licensing's drive to encourage more people to take advantage of the concession for blind and severely sight impaired people. We would urge all those eligible for the 50 per cent discount to get in touch with them."



Ceri Jackson
Director
RNIB Cymru

¹ Broadcasters' Audience Research Board (BARB)

Governance and compliance



‘TV Licensing’ is a trademark of the BBC. The BBC Trust oversees the BBC and ensures arrangements for licence fee collection are ‘efficient, appropriate and proportionate’.

The companies engaged to administer the television licensing system are managed by the BBC’s TV Licensing Management Team. The team reports to the BBC’s Executive Board. The BBC is governed by the BBC Trust, which represents the interests of licence fee payers and sets the overall strategy.

Freedom of Information (FOI)
We received a total of 166 FOI requests during the year, or an average of 14 per month, compared to 110 last year. Our frequently asked FOIs can be viewed on our website at www.tvlicensing.co.uk/about/freedom-of-information-act-foi-AB14/

Exemptions were used in about a third of replies, fewer than last year.

Exemptions are most commonly used when releasing the information would prejudice the prevention or detection of crime, the commercial interests of the BBC or our partners, or when information requested is covered by the Data Protection Act.

Diversity and equality
A new TV Licensing Equality and Diversity Action Plan for 2013/14 was agreed in line with the requirements of the Equality Act 2010, and is available on the BBC at www.bbc.co.uk/diversity/strategy/diversity-action-plans.html

Data security
We have a database of more than 30m UK addresses and take very seriously the security of the information we hold. We have robust policies and controls to ensure information is safe.

Governance and compliance

Legislation

A number of laws cover licence fee collection. They include:

Communications (Television Licensing) Regulations 2004

(as amended)

Sets out the licence fee and describes what a TV Licence covers you for.

Communications Act 2003

Allows the BBC to issue, cancel or modify TV Licences. Makes it a criminal offence not to have a TV Licence when one is required.

Regulation of Investigatory Powers Act 2000

Covers the lawful use of surveillance equipment to detect unlicensed use of television receivers.

How we apply these laws

We have policies in place to interpret this legislation for practical use.

Our policy advisor develops the policies with specialist lawyers taking into consideration whether they are legally correct, fair to the customer, appropriate and proportionate.

Many of our policies are available at www.tvlicensing.co.uk/about/foi-policies-AB17/

Contact us

General enquiries

0300 790 6131

Campaign office

020 8752 6537



If you have any views on this Annual Review or about TV Licensing in general, we'd love to hear from you.

Members of the public can contact us via the website (www.tvlicensing.co.uk) by calling **0300 790 6131** or in writing to TV Licensing, Darlington DL981TL.

You can follow us on Twitter **@TVLicensing** or find us on YouTube at www.youtube.com/tvlicensing

You can read our latest news releases and stakeholder updates by following us on Twitter at **@TVLicensingNews**

Those contacting TV Licensing on behalf of an organisation or in a professional capacity can call our Campaign Office on **020 8752 6537** or email campaignoffice@tvlicensing.co.uk

Please note, the Campaign Office is unable to deal with individual customer enquiries.

Our textphone facility for the deaf or hard of hearing is on **0300 790 6050**

Copies of this report are available in Braille on request by calling **0300 790 6131**