



AGE-RELATED TV LICENCE POLICY IN THE ISLE OF MAN

Public Consultation

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Summary

The BBC was founded in the 1920s with a mission to inform, educate and entertain. It is a highly valued public service that provides trusted, impartial news, and television, radio and online services. BBC broadcasts have been available in the Isle of Man since 1951.

The BBC is funded directly by the public to be independent of Government and commercial pressures, and to serve all audiences. The way that the BBC is funded – through the licence fee – means the public pays for it and it belongs to them.

For nearly 80 years the principle underpinning the licence fee was that it was universal. It was paid by all households receiving broadcast services, that is, in short, by virtually everyone.

Then in 2000 the UK Government decided to fund free TV licences for those aged over 75. This was to help reduce poverty among the oldest pensioners.¹ The Isle of Man Government introduced, and paid for, the same concession in the Isle of Man in 2002.

In 2015, the UK Government decided that it would no longer pay for free TV licences for over 75s. In 2017, the UK Parliament transferred responsibility² to the BBC itself to decide what, if any, age-related concession should be in place (for any age from 65 and older), beyond June 2020.

On 10 June 2019 the BBC announced the BBC Board's decision for the UK: that the fairest thing would be to establish a new scheme focused on supporting the poorest older pensioners. Any UK household with someone aged over 75 who receives the benefit called Pension Credit will be eligible for a free TV licence funded by the BBC.³ The new scheme will cost the BBC around £250 million a year by 2021/22, depending on take-up of the scheme and implementation costs.

The BBC Board believes that the fairest option is to help the poorest pensioners in the UK; it protects those most in need. It is also the fairest option for all licence fee payers as this decision will avoid substantial cuts to BBC programmes and services up to 2021/22.

At the request of the Isle of Man Government, the BBC's power to set age-related concessions has now been extended to the Isle of Man, so the BBC Board can make a decision for the Isle of Man too.⁴

For the BBC this now means a requirement to consult, and then decide on what, if any, age-related concessions should be in place (for persons of any age from 65 and older), residing in the Isle of Man.

¹ Frontier Economics, *Review of over-75s funding*, 2018, p.17.

² See section 89 of the Digital Economy Act 2017. This amended Part 4 of the Communications Act 2003, which contains provisions about TV licensing.

³ In March this year the BBC, with the Government's agreement, decided to delay the changes to over 75s licence fees until 1 August 2020 due to the Coronavirus.

⁴ Communications (Isle of Man) Order 2020.

The BBC Board notes that the Isle of Man Government will retain its local powers to set and fund welfare benefits including for TV licences. That means it can offer and pay for any concession it wishes to, in addition to whatever concession the BBC may decide should be in place.

The BBC Board considers that it is helpful to use the three criteria relied upon in taking its UK decision – fairness, financial impact and feasibility. Any decision for the Isle of Man and the other Crown Dependencies needs to consider fairness to all licence fee payers, including over 75s in the Isle of Man and those in the UK where the Board has already made a decision.

In approaching this question, the BBC recognises that, while the Isle of Man is a separate territory with its own system of government and circumstances, by convention the aim is that its residents are treated with parity to those in the UK in respect of TV licence rules and BBC provision. The Board notes that the Isle of Man Government have stated that Isle of Man licence fee payers should be treated in the same way as UK residents⁵. The Board's current view is that this is, in principle, a fair approach, unless the circumstances are materially different from the UK.

The BBC's current thinking is that it would be fair therefore for the BBC to fund a similar concession for older people in the Isle of Man as in the UK so that all licence fee payers are treated in the same way.

That would mean that the BBC would fund free TV licences for the poorest older pensioners aged over 75 in the Isle of Man. Consistent with the UK decision, the BBC does not think it should set welfare policy or determine thresholds of poverty. The Board's current view is that it would use welfare criteria already set by the Isle of Man Government to assess eligibility for free licences. That is, the BBC would fund a free licence for the sole or main residence of any household where someone is over 75 and claiming Income Support (a means-tested welfare benefit).⁶

The BBC is now consulting from 30 July to 10 September 2020. This is therefore your opportunity to provide the BBC Board with any additional information which you consider it should take into account before making a final decision, including, in particular, any information specific to the Isle of Man. The responses we receive to this consultation will help the Board decide on the best and fairest solution.

⁵ "I can put on record that the BBC has been advised that the Isle of Man Government expects parity of treatment for Isle of Man residents on any BBC funding for a TV licence fee concession for over-75s in the Island from June next year." Oral statement by the Chief Minister, 18 June 2019.

⁶ The rules for people living in Accommodation for Residential Care, including any who used to live in these schemes and have preserved rights, which are contained in regulations made by the UK Government which the BBC cannot change, will stay the same: see the Communications (Television Licensing) Regulations 2004, especially Schedule 4.

Context

The BBC and the Isle of Man

The BBC is an important public service. It provides trusted, impartial news and television, radio and online services that inform, educate and entertain. It is used by nearly everyone in the UK every week.⁷

BBC broadcasts have been available in the Isle of Man since 1951 and residents have paid their licence fee for those services since then. The BBC provides the same programmes and services to the Isle of Man as across the UK. In addition, the BBC employs a political reporter and three other journalists based in the Isle of Man; funds a Manx language programme; and supports Manx Radio in other ways, including training.

There are on-going discussions between the BBC and the Isle of Man Government about improving services for the Isle of Man.

The BBC's relationship with the Isle of Man Government is based on the principle that households in the Isle of Man should be treated in a broadly equivalent way to households in the UK and those in the other Crown Dependencies.⁸

Age-related TV licence policy

For nearly 80 years since the BBC was founded in the 1920s the principle underpinning the licence fee was that it was universal.

Then in 2000 the UK Government decided to fund free TV licences for those aged over 75. This was to help reduce poverty among the oldest pensioners.⁹ From 2002 the Isle of Man Government decided that anyone aged 75 or over was eligible to receive a free TV licence, funded by the Isle of Man taxpayer.

In 2015, the UK Government decided to stop funding free TV licences for those aged over 75 in the UK. The UK Parliament then gave the BBC the responsibility to decide on the future of that concession in the UK from June 2020.¹⁰

Between 20 November 2018 and 12 February 2019 the BBC consulted on a range of options for any future concession. At that stage, the BBC's consultation and subsequent decision applied only to the UK.

In June 2019 the BBC Board decided¹¹ that the fairest policy for the UK is to establish a new scheme to focus on the poorest older pensioners. This means that free TV licences

⁷ BBC, *BBC Annual Report and Accounts*, 2018, p.2, p.25 and p.60.

⁸ This agreement is set out in a Memorandum of Understanding agreed between the two parties that runs for the period of the current licence fee settlement – until March 2022.

⁹ Frontier Economics, *Review of over-75s funding*, 2018, p.17.

¹⁰ See section 89 of the Digital Economy Act 2017. This amended Part 4 of the Communications Act 2003, which contains provisions about TV licensing.

¹¹ Details can be found at <https://www.bbc.com/aboutthebbc/reports/consultation/age-related-tv-licence-policy>.

will be available to those households in the UK with someone aged over 75 who receives Pension Credit.¹² This new scheme will start on 1 August 2020.

The BBC Board made this decision because it believes that the fairest option is to help the poorest older pensioners; it protects those most in financial need. It is also the fairest option for all licence fee payers as this decision will avoid substantial cuts to BBC programmes and services up to 2021/22. In taking this decision the Board was not making a judgment about poverty. Instead, it decided to use the UK Government's own framework. The UK Government sets and controls Pension Credit, not the Board.

The new scheme will cost the BBC around £250 million a year by 2021/22, depending on take-up of the scheme and implementation costs. Finding the resources to meet this cost of around 6% of the BBC's budget will mean difficult choices for the BBC, as this money could have been used for BBC programmes and services. Despite the financial impact on the BBC, the Board believes this decision is the right one for the UK.

The Board considered that copying the current universal concession in the UK would have imposed an estimated further cost of around £500m. To meet that cost would have required cuts to core BBC programmes and services, and cancelling of some planned investment. Such cuts would have been unprecedented both in scale and pace. In practice, this would have meant closure of the following services: BBC Two, BBC Four, the BBC News Channel, the BBC Scotland channel, Radio 5live and 5live Sports Extra, and a number of local radio stations. The Board thought this option was the least fair to all licence holders, and that these closures would profoundly damage the BBC for everyone, especially older people who use the BBC the most.

At the request of the Isle of Man Government, the BBC's power to set age-related concessions has been extended to enable the Board to make a decision for the Isle of Man too.¹³ The Isle of Man Government will still have its local powers to set and fund welfare benefits including for TV licences¹⁴ and so can choose to add to whatever concession the BBC offers if it wants to. That is a matter entirely for the Isle of Man Government.

The BBC's consultation

The BBC is now required to consult and then decide on what, if any, age-related concessions should be in place for those aged from 65 upwards, residing in the Isle of Man.

¹² Pension Credit is an income-related benefit available to people over the age of 65 in the UK who qualify by virtue of their income.

¹³ Communications (Isle of Man) Order 2020.

¹⁴ The position in the UK is different: while the Government retains powers over welfare benefits, it can no longer create age-related TV licence concessions for anyone aged 65 or over, except in relation to Accommodation for Residential Care.

The BBC Board's current thinking

The BBC Board's current thinking is that the BBC should fund a concession for older people in the Isle of Man that is broadly equivalent to that in the UK to support the poorest older pensioners. However, no final decision has been taken, and the BBC is consulting to inform the Board's thinking. The Board welcomes any relevant views and evidence that may assist it with its decision making.

In the consultation for the UK the BBC Board considered it helpful and appropriate to apply three criteria to its decision in the UK: fairness, financial impact and feasibility, and takes the view that these criteria remain relevant to its thinking.

It is important to emphasise that the below simply reflects the BBC Board's initial thinking, and the Board wants to hear your views before taking any final decision.

Fairness

The BBC has a duty to serve all audiences and consider the needs of all licence fee payers. The Isle of Man Government has asked that Isle of Man licence fee payers should be given parity with UK residents.¹⁵ The BBC is currently minded to agree with this. In 2018 the BBC agreed to part-fund the current concession in the Isle of Man between April 2018 and March 2020, in the same way as the BBC part-funded free licences in the UK in this period, and fully fund the concession from April 2020 onwards. In 2019, around 5,500 households in the Isle of Man claimed a free TV licence under this policy.¹⁶

The BBC Board's current thinking is to fund a concession that, as far as possible, provides for fairness and consistency between Isle of Man residents and those in the UK and the other Crown Dependencies. The Board will consider relevant differences between the Isle of Man and the UK in making its decision.

At this stage, the Board considers the following factors are likely to be relevant to its decision.

- The importance of television (including the BBC's services) as a companion to combat loneliness and a source of information and enjoyment for older people. We do not want to put this at risk – either because the poorest older pensioners might not be able to afford a licence fee, or because the BBC has to close or reduce services that older people value.
- In the UK the Board decided on a concession for those over 75s least able to afford the cost of the licence fee. As the Board is not presently aware of any significantly different circumstances in the Isle of Man, it would raise a real

¹⁵ Oral statement by the Chief Minister, 18 June 2019.

¹⁶ There are other concessions which operate separately from this policy and will not change, including half-priced licences for those who are registered blind and concessions for those in qualifying care homes or sheltered accommodation.

question of fairness to all licence fee payers for the BBC to set and fund a substantially different concession in the Isle of Man.

- The Board's current thinking is that the principle of parity between the UK and each of the Crown Dependencies suggests that it should create a concession that applies to those aged 75 or over and receiving the income-related social security benefit called Income Support.¹⁷
- In the UK the BBC Board decided to use the UK Government's own framework for supporting low income older people and so chose Pension Credit as a passport benefit. The Isle of Man Government sets and funds its own benefits system which has some differences from that in the UK. In this context we note that the Isle of Man does not have "Pension Credit". Therefore, direct comparisons with Pension Credit are not possible as there are different rules and circumstances. However, it would be possible to use the Isle of Man Government's own framework in this case.
- The BBC Board remains of the view that it is not for the Board to make the judgment about income levels or poverty, and the same is likely to apply in the Isle of Man. Rather, the Board's current view is that it would be appropriate to base any judgement of who is least able to pay on the Isle of Man Government's own framework of support to the poorest older pensioners, rather than create a new system of assessment.
- The BBC's understanding is that Income Support is a means-tested benefit available to pensioners resident in the Isle of Man that operates in a fashion similar to Pension Credit in the UK, in that it provides a minimum income guarantee which tops-up the state pension for pensioners earning less than a certain level of income. The BBC could, therefore, provide a concession that means those pensioners receive a free TV licence.

Financial impact

Continuing the current concession in the UK would have made the BBC significantly worse for everyone, as it would have cost an estimated £745m a year by 2021/22. This is equivalent to around 18% of the BBC's spend on services. By the end of the decade, this would have risen to over £1 billion a year.

Instead the new scheme will cost the BBC around £250 million a year by 2021/22, depending on take-up of the scheme and implementation costs. Finding the resources to meet this cost of around 6% of the BBC's budget will mean difficult choices, as this money could have been used for BBC programmes and services. Despite the financial impact on the BBC, the Board believes this decision was the right one for the UK.

¹⁷ <https://www.gov.im/categories/benefits-and-financial-support/employment-work-related/income-support/>

Figures provided to us by the Isle of Man Government indicate there are around 580 households in the Isle of Man where at least one resident is over 75 and receiving Income Support. We estimate therefore that the cost to the BBC of paying for this concession would be in the region of £93,000 in 2021/22.

Any further concession, for example to continue to offer free TV licences to older people not receiving Income Support, would be a decision for the Isle of Man Government to put in place and fund. The BBC notes there are around 5,000 households with an over 75 not claiming Income Support. The decision to fund licences for these households would be one for the Isle of Man Government to take.

Feasibility

In making its final decision the BBC Board will need to consider whether it can implement the chosen option.

In the UK the BBC will operate the new scheme using a self-verification system whereby people need to provide acceptable proof of their receipt of Pension Credit (and age) in order to qualify for a free licence.

The BBC will discuss with the Isle of Man Government how to implement any new policy in the specific context of the Isle of Man, for example through data sharing, and will make a range of accessible payment plans available.

Equality implications

In taking its decision for the UK in June 2019 the Board prepared an Equality Impact Assessment (“EIA”) and applied the Public Sector Equality Duty contained in section 149 of the Equality Act 2010.¹⁸ This requires that—

Every public authority must, in the exercise of its functions, have due regard to the need to—

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The Board will have due regard to these considerations in taking its decision for the Isle of Man and the other Crown Dependencies, as, irrespective of whether these provisions

¹⁸ Section 143 of the Isle of Man’s Equality Act 2017 places similar obligations on public bodies in the Isle of Man to consider the likely impact of its policy decisions on people with certain “protected characteristics”.

apply outside the UK, it is important, as a matter of principle, for the Board to have regard to the equality implications of its decision.

In reaching its decision for the UK the Board concluded their preferred option struck a fair balance between ensuring access to television services and securing funding for the BBC for all audiences. The Board published a final EIA¹⁹ which set out the likely equality impacts of the options open to the BBC, how the BBC could mitigate adverse equality effects, and how equality issues had fed into the eventual decision.

The Board's current thinking is that broadly the same impacts would be likely in the Isle of Man as in the UK. The Board currently thinks that the principle of parity between the UK and each of the Crown Dependencies, and our preferred policy option again strikes a fair balance between ensuring access to television services for the poorest older pensioners and securing funding for the BBC so it can provide services for all audiences. We invite evidence and views from those responding as to whether there are any particular equality considerations the Board should take into account in the Isle of Man.

Such a concession would cost the BBC in the region of £93,000 in 2021/22. As was pointed out in the June 2019 EIA, it is relevant for the Board to take account of the effect of that financial impact on the BBC's service and the delivery of its Mission and Public Purposes for the benefit of all licence fee payers. The Board's current thinking is that a concession broadly mirroring that already in place strikes an appropriate balance between the interests of older audiences and other licence fee payers.

Other options the Board considered in the UK

In taking its decision in the UK, the BBC Board considered a range of other policy options.

Copying the current (universal) concession

Although this option had strong support from many respondents in the UK, the BBC Board rejected it on the basis that it considered that this option was the least fair to all licence holders. The Board's view was that the BBC could not afford to make the level of cuts required. For the same reason the BBC could not afford to extend the current concession to those aged between 65 and 75, who currently do not qualify for a free TV Licence, as that would cost the BBC even more.

Restoring a universal licence fee

The BBC Board rejected this option which received little public support. The Board's conclusion was that this option was the least fair to the poorest older pensioners.

Discounting the licence fee

The BBC Board rejected this option on fairness grounds because of concerns about whether the poorest pensioners could afford to pay a partial fee. This option would also

¹⁹ <http://downloads.bbc.co.uk/aboutthebbc/reports/consultation/age/updated-eia.pdf>

have led to substantial reductions to core BBC services which would be unfair for all licence fee payers.

Raising the age threshold to 80

The BBC Board rejected this reform because of fairness concerns about poorer pensioners aged between 75 and 79 losing out. This option would also mean substantial cuts to core BBC services which would be unfair for all licence fee payers.

Combinations and other proposals

Overall, the BBC Board had concerns about the fairness, financial impact and feasibility of combination options, in particular about explaining any new scheme simply. The Board also rejected changing the rules on household composition so that only households where all members were over 75 could qualify, establishing a preserved rights scheme and a voluntary contributions scheme.

The BBC Board's current thinking is that, for reasons similar to those addressed in the decision taken in the UK, none of these options would be appropriate for the BBC to fund in the Isle of Man. Nor would any of them achieve parity with the UK.

Transition period

The BBC has already decided to extend the existing age-related free TV licence scheme for over-75 residents in the Isle of Man until 31 December 2020.²⁰

It is our intention that any new policy would start in the Isle of Man on 1 January 2021. We are aiming to make a decision in early autumn and will then be clear about any implementation plans. Our final decision will be given effect in a formal determination, which will be published.

²⁰ See the BBC's determination of 26 May 2020 at <http://downloads.bbc.co.uk/aboutthebbc/reports/consultation/age/isle-of-man.pdf>

Consultation process

This decision is the responsibility of the BBC's Board, and the Board wants to hear your views. The consultation itself is open for 6 weeks from 30 July to 10 September.

This document sets out the BBC Board's initial thinking, informed by the consultation process in the UK, no final decision has been taken, and the BBC is consulting to inform the Board's thinking in respect of the Isle of Man. The BBC welcomes any relevant views and evidence that may assist it with its decision making. The BBC Board is interested in any additional information which you consider the BBC Board should take into account before making a final decision, including, in particular, any information specific to the Isle of Man.

We would welcome your co-operation in responding via email to bbcpolicyconsultation.isleofman@bbc.co.uk or by post to BBC TV Licence Consultation, BBC Broadcasting House, Portland Place, W1A 1AA.

If that is not possible, please call 0303 082 7300 to request a paper copy, large print or alternative format (audio or braille) of this document and leave a message. Please note this telephone number is not staffed and is an answerphone service only to enable people to leave requests for the consultation format they require. (Standard geographic charges from landlines and mobiles will apply).

We will accept responses in any reasonable formats. The responses you provide will only be used for decision-making related to the subject of this consultation.

This consultation is aimed at residents, stakeholders and organisations of the Isle of Man.

Organisations and those we see as stakeholders (including interested organisations, academics and industry representatives) can also write to us at Stakeholder.Responses@bbc.co.uk

If you are replying as a stakeholder please complete and return the Confidentiality and Data Protection form with your submission.

We are unable to consider comments relating to broader licence fee issues or comments relating to BBC programmes and content.