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against  
poverty

**CAP**

# ***Age-related TV Licence policy***

*CAP's official response to the BBC's public consultation*

November 2018

**always hope.**

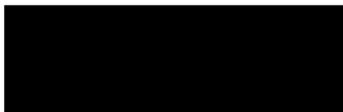
Christians Against Poverty (CAP) welcomes the opportunity to input our views into the BBC's public consultation about age-related TV Licence policy. The decision of whether to copy, remove or reform the current over-75 concession will have important real-life implications for many of the UK's most vulnerable households.

Every day we meet people across the UK through our home visiting service who are in a desperate state. On average, our clients have eleven debts totalling £14,520. This is almost the same as their total annual household income and many have resorted to borrowing to pay their household bills.<sup>1</sup>

As a result, we know the consequences of severe financial difficulty all too well: 45% of the people CAP help have cut back on heating over winter, 50% have mental health problems, 67% have skipped meals due to debt, and for 27% debt caused their relationship to completely break down.<sup>2</sup> Debt is destructive and isolating. Dealing with the stress of financial hardship whilst trying to get by sees three-quarters of CAP clients afraid to open their post, 60% afraid to answer the door and 35% even considering suicide as a way out.<sup>3</sup>

We need a simple system that targets the greatest level of support to people who need it most. As a result, our strongly preferred option is to reform the concession and use a means-testing approach. To ensure a high take-up, data-matching should be used to automatically issue the concession to people in receipt of Pension Credit, as well as a route for others to apply.

I hope that you will find our comments helpful to make a decision that best satisfies the need for financial sustainability and ensures that those who currently receive the concession and need it do not lose out.



Matt Barlow  
Chief Executive UK and International

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<sup>1</sup> This is 97% of clients' average household income. 91% have borrowed to pay a household bill or another debt. See CAP (2018) Client Report: *Bringing restoration to desolate homes*, [capuk.org/clientreportpdf](http://capuk.org/clientreportpdf)

<sup>2</sup> *ibid*

<sup>3</sup> *ibid*

**Question 1: Please rank the three options below 1, 2, 3 where 1 is your favourite and 3 is your least favourite. If you wish, you can just identify your favourite as number 1.**

2	The BBC should be <u>copying</u> the current concession
3	The BBC should be <u>restoring</u> a universal licence fee
1	The BBC should be <u>reforming</u> the concession in some way

The over-75 TV Licence concession is invaluable for many elderly people who without it would struggle to afford to stay licenced. However, CAP appreciates the need to reform the concession due to the level of cost and pressures facing the BBC. The economic analysis suggests that the original intention of tackling pensioner poverty does not require a blanket concession to over-75s, but it would not be appropriate to remove the concession altogether because poverty does still exist within this group and TV remains just as much, if not more, of a necessity for social inclusion. Therefore, reforming the concession is the strongly favoured option.

## Reforming the concession

**Question 2a: Your views about three particular reform options. In the consultation document we discuss three possible ways to reform the licence fee concession for older households.**

**Please rank these specific options for reforming the concession as 1, 2, 3 where 1 is your favourite and 3 is your least favourite. If you wish, you can just identify your favourite as number 1.**

2	<u>Discounting</u> , where households with someone aged 75 and over pay half the cost of a TV licence.
3	<u>Raising the age</u> , where households of those aged 80 and over get a free TV licence.
1	<u>Means-testing</u> , where households of those aged 75 and over in greater financial need, linked to Pension Credit, receive a free TV licence.

CAP's preferred option is means-testing. This will target the support to those who need it most, whilst ensuring the cost of providing a concession is proportionate. Raising the age of households eligible for the concession risks taking an arbitrary approach, as need will vary across age brackets and is therefore the least preferred option. Discounting the fee to households with someone aged over 75 would be preferential to raising the age as it would provide assistance to more households in need, but would mean that the level of assistance received by needy households is less than at present.

A concern with means-testing is that take-up amongst the most vulnerable households, who have barriers that prevent them proactively accessing support, is poor. The use of Pension Credit as an automatic passport onto the concession will help alleviate these concerns. In the energy industry, the DWP data-matches with energy suppliers so that suppliers can automatically issue households in receipt of Pension Credit with Warm Home Discount. This is a £140 payment towards their winter fuel bills. CAP would strongly recommend a similar approach is taken with the concession and the appropriate legislation is sought to facilitate

this. Receipt of Pension Credit would provide a good proxy for low-income pension households in need of the concession, as well as allowing for households who are retired and on a low fixed income but younger than 75 to also benefit from the concession. However, there should also be a means to apply for the concession for households who choose not to claim Pension Credit despite being eligible.

**Question 2b: The BBC has the power to set a discount at any level for older households. The smaller the amount that older households pay for their TV Licence, the more cuts the BBC would have to make to cover the cost of this. We described a discounting option where households of those aged 75 and over pay 50% of the licence fee (that is, older households pay 50%).**

**In that option what percentage would you put (that is, older households should pay what % of the licence fee)? (choose any percentage between 1% and 99%).**

Prefer not to answer.

**Question 2c: The BBC has the power to set the age at which households begin to receive a free TV licence at any age from 65 and above. The lower the age, the more people would receive a free TV licence but the more cuts the BBC would have to make to cover the cost of this. We described a changing the age option where households of those aged 80 and over get a free TV licence.**

**In that option what age would you choose? (choose any age from 65 and above).**

Prefer not to answer.

**Question 2d: In the consultation document we explain that different ways of reforming the concession could be combined. If we were reforming the concession, which of these features would you favour in combination?**

**Question 2e: Please tell us what your preferred combination would be, if any.**

A means-test such as this could be combined with a discount, but CAP favours the simplest possible scheme where those households in greatest need (in receipt of Pension Credit) receive a full concession as they currently do.

**Question 3: Is there anything else you would like to say?**

Poverty and financial difficulty is not exclusively experienced by households with someone aged over 75. While it may not be deemed appropriate for a concession to be provided to younger households, ensuring that staying licenced is as affordable as possible is essential. CAP wishes to take this opportunity to highlight how valuable the Simple Payment Plan (SPP) trial had been for CAP clients and the importance that this is extended into business-as-usual.

The people we help are typically on very low incomes, seven in ten will have been skipping meals and half are in rent arrears when they seek help. On average CAP clients have eleven different debts they are juggling. It is a struggle to pay all the bills and buy the essentials, and so every pound that can be saved makes a big difference. To put it in perspective, some clients have just £10 to spend on food each week so an extra £5 a week is a massive help. To pay double for the first six months was a significant challenge and so to be able to half this cost made a substantial difference not just financially but also in morale. Making a client's budget more manageable helps bring stability and being able to refer to the SPP built trust that CAP and TV Licensing wanted to and could help.

## Requests for further information

This response has been written by Rachel Gregory, Social Policy and Relationship Manager for Christians Against Poverty (CAP), with contributions from:

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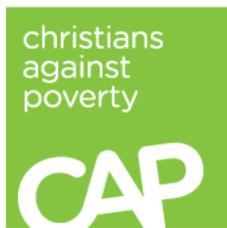
To discuss any queries and to request further information, please contact:

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Christians Against Poverty (CAP) is a nationally recognised charity that works with over 500 churches to help the most vulnerable out of poverty across the UK. The services provided offer both practical and emotional support, are completely free and are available to all, regardless of age, gender, faith or background.

Through a network of 303 CAP Debt Centres, CAP offers a free face-to-face debt management service, with advice and ongoing support provided from head office. In addition to this, CAP provides face-to-face adult financial education across the UK in partnership with 645 churches who run the CAP Money Course. This is a three-week money management course, which equips over 6,500 people each year to budget, save and spend wisely.

CAP has also recently expanded to tackle more causes of poverty. To this end, CAP now operates 149 CAP Job Clubs, 75 CAP Release Groups to tackle life-controlling dependencies, and 118 CAP Life Skills groups to empower members with the essential skills and support they need to live on a low income.



[capuk.org](http://capuk.org)



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