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7 February 2019

### **Response to BBC consultation on age-related TV licence policy**

I am responding to this consultation in a personal capacity, drawing on my professional background as an economist and also my experience as Vice Chair of the BBC Trust until April 2015.

It was entirely wrong in principle for the Government to make the BBC responsible for a decision concerning a welfare policy. The possibility of handing over the responsibility for funding licence fees for over-75 households had been discussed on a previous occasion and was resisted by the BBC Trust for this reason of principle. While that horse has bolted, it remains inappropriate for the BBC to be involved in decisions that should rightly those of the elected government of the day and for this reason I strongly oppose any continuing BBC involvement through a means-testing scheme. Policies for the relief of poverty among any group in the population are the business of the government, not the BBC. Indeed, according to the Institute for Fiscal Studies, twice as many children as pensioners are in poverty [<https://www.ifs.org.uk/uploads/R145%20for%20web.pdf>].

The generational equity of the allocation of BBC funds is an important consideration in this decision. Given the generational shifts in viewing and listening habits (clear in recent Ofcom research), the BBC should be prioritising investment in the modes of delivery of its services, as well as the content, for audiences from infants to young adults. The role of the BBC as a trusted source of news as well as high quality entertainment reflective of the UK's culture and values is more important than ever given the current context; reaching all age groups including - perhaps especially - young people is vital.

The other consideration is the practical one of whether it would be desirable to transition away from the provision of free licences to over 75s so as not to cause undue distress to individuals currently receiving one. While an immediate move to a universal licence fee would be preferable in principle, it may be necessary to phase out the provision of free licences by progressively raising the age limit. Increases in life expectancy mean that someone who is 85 now will have the same average remaining life expectancy as someone who

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was 75 in 2000, but it is a matter of judgement whether an immediate move to free licences for over-85s, followed by successive increases in the age limit to allow phasing out of free licences, is too sudden. Frontier's modelling would indicate the likely numbers involved, both the number of people and the cost to the BBC.'s ability to spend on programmes.

The Government acted cynically at the time in passing the responsibility for this decision to the BBC. I commend the BBC's decision to consult widely on the appropriate response. In summary, my view is that the responsibility for relieving poverty through any desired policy, including free TV licences, should be that of the Government of the day, and it is open to the Government to decide to continue funding free TV licences for specific groups if it should wish to do so. As this is clearly unlikely to happen in the current context, my strong recommendation is that the BBC should not engage in means-testing and should restore a universal licence fee, perhaps in a phased way if necessary.

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