

Free 75 TV Licences

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Key thoughts

1. **Parliament has illegitimately conferred on the BBC responsibility for deciding the exemption to a tax.** The transfer to the BBC of the funding of free 75 TV licence coincides with the halt of the funding for the exemption provided by the Department for Work and Pensions (DWP). The underlying Act of Parliament is illegitimate in conferring the power of taxation on the BBC via its responsibility for the exemption for all those 65 and over. The licence fee is a tax borne by households meeting the conditions of payment, and it is properly the role of the Government or legislator to decide any departures from its payment. The TV Licensing Authority confirms the statutory position of the BBC: "The TV Licence fee – including concessions and payment amounts – is prescribed by Parliament under the Communications (Television Licensing) Regulations 2004 (as amended). ***The BBC is not responsible for these matters.*** [bold italics added] You may wish to contact the government agency responsible for broadcasting in the UK – the Department for Digital, Culture, Media and Sport (DCMS) – to raise any issues you may have about the legal framework for the licence fee. The Department's address is 100 Parliament Street, London SW1A 2BQ." <https://www.tvlicensing.co.uk/about/foi-licences-facts-and-figures-AB18>
2. **Parliament's decision cynically broke the promises to pensioners made by the Conservative Party in the manifestos for the 2010, 2015 and 2017 General Elections:**
 - 1) In the 2010 manifesto it is stated: "*That is why we have made a pledge to pensioners to re-link the basic state pension to earnings, and protect: the winter fuel payment; free bus passes; **free TV licences**; disability living allowance and attendance allowance; and, the pension credit.*"
 - 2) In the 2015 manifesto it is stated: "*If you have worked hard during your life, saved, paid your taxes and done the right thing, you deserve dignity and security when you retire. We want Britain to be the best country in which to grow old. We will: take the family home out of Inheritance Tax for all but the richest by raising the effective threshold for married couples and civil partners to £1 million; continue to increase the State Pension through our triple lock, so it rises by at least 2.5 per cent, inflation or earnings, whichever is highest; reward saving by introducing a new single-tier pension; give you the freedom to invest and spend your pension however you like – and let you pass it on to your loved ones tax-free; **protect pensioner benefits including the free bus pass, TV licences and Winter Fuel Payment**; ensure Britain has a strong economy, so we can continue to protect the NHS and make sure no-one is forced to sell their home to pay for care.*"
 - 3) In the 2017 manifesto it is stated: "***We will maintain all other pensioner benefits, including free bus passes, eye tests, prescriptions and TV licences, for the duration of this parliament.***"
3. **A deeply flawed policy-making process by DCMS** led to the illegitimate Act of Parliament to transfer the authority to the BBC to decide on the concession to 75 TV licences. Former DCMS Secretary of State (SoS) John Whittingdale

decided this specific policy without full public consultation of stakeholders, namely BBC viewers and listeners. They required evidence on the decided policy and the trade-off that would be implied in terms of the level and quality of service enjoyed by BBC viewers and listeners in performance of the remit. Many viewers and listeners would equate an implacable reduction in services to the detriment of the remit under the scenario where the BBC is forced to “fund” the exemption from TV licence revenues, in whole or in part, and would have expressed firm opposition. Had DCMS consulted on the policy, the cost to BBC services from amputating DWP funding would have become clear, and DCMS would have been called out for damaging irrevocably the BBC’s mission as a universally accessible public information and entertainment service.

4. **Protecting the concession for the elderly is essential.** The households directly affected by the 75 TV licences constitute 18% of the TV licence universe. Who are these 4.5 million households?¹ About 2.5 million are people of 75 and over living with other people. The particularly vulnerable households include women living alone, those with sight loss (, in poverty, and suffering from other medical conditions. According to Age UK:
 - 4.1. “2 million people over 75 live alone; 1.5 million of these are women.”²
 - 4.2. Sight loss: “35% for those aged 75+”, which makes them heavily dependent on radio services
 - 4.3. In the last reported year (2015/16), the average (median) net income for single pensioners in the UK was £250 a week before housing costs and £205 after housing costs. Averages don’t tell the whole story. For example, the poorest fifth of single pensioners had median net incomes of £106 a week after meeting housing costs (2015/16 prices), while the richest fifth had £408.
 - 4.4. The average weekly expenditure for one-person households mainly dependent on state pensions is £168

It is absurd that the BBC is being forced to consider imposing these households by the removal in whole or in part of the free TV licence fee. It is absurd that the TV Licensing Authority will be forced to pursue non-payers of the TV licence should the concession lapse in whole or in part, subjecting the elderly, the poor and women living alone to enforcement by the TV Licensing Authority. This can include paying a £1,000 fine, and those refusing to do so, including if they lack the means, may endure a prison term. ***We support the petition of Age UK calling for the Government to restore DWP funding for the policy, at least until 2022 in our view.***³

5. **Protecting performance of the remit is essential.** The Government has not explained how the BBC can deliver the remit despite the elimination of DWP funding for the free TV licences; the best-case for the BBC under its own proposals is to lose ‘only’ 28% of its funding (Figure 1). When DWP ends the funding, it will cap a decade of Government efforts to axe BBC funding, already costing roughly 20% in real terms: the licence fee was frozen between 2010 and the start of the new Charter in January 2017 (and will increase in line with inflation until 2021/22); and the BBC’s budget was ‘top-sliced’ through

¹ House of Commons Library, “TV licence fee statistics”, BRIEFING PAPER Number CBP-8101, 10 January 2019.

² https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/later_life_uk_factsheet.pdf

³ Age UK, [Switched Off: Save Free TV for Older People](#)

the funding of various services/projects (S4C, BBC World Service, BBC Monitoring, rural broadband roll-out, and local TV). True, the BBC may seek a higher level of the licence fee as of 2022, but that will simply increase the affordability challenge for pensioners.

Figure 1: Selection of Frontier Economics' assessments of reform options

	Alter the value of the concession: 50% discount	Raise age threshold to 80	Link to Pension Credit, age threshold 75
Economic rationale	Remaining equity / efficiency rationales would apply to partial discount.	Better alignment with other benefits that begin at age 80. Over 80s are more likely to live alone than younger pensioners.	Low income households are less able to pay for a TV licence. Pension Credit is a government-defined measure of need.
Financial impact in 2021/22 relative to reinstating the current concession	56% (i.e. a 44% saving)	65% (35% saving)	28% (72% saving)
Distributional impact	Small regressive impact among over-75 population (smaller effect for discount). No improvement in targeting.	Very slightly regressive impact but costs are small on average. Minor targeting improvements.	Improves targeting, though low take-up of Pension Credit an important factor.
Feasibility (technical)	Existing precedent for 50% discount. Continued use of DWP data would require new secondary legislation (because moving to a discounted licence would represent a change of purpose for data access relative to the current situation).	No significant implementation issues. The same DWP data can be used to verify date of birth so there would be no significant changes to existing processes. Current recipients of the concession would have to be contacted and asked to start paying again, leading to administrative and compliance costs.	Relatively straightforward to link to additional administrative information, though some legislative process needed. Additional complexity in handling queries. BBC could also verify eligibility internally, although this would be associated with a higher cost.

[Source: Frontier Economics]

6. **The BBC will be blamed for falling short on the remit.** The BBC's performance is vetted by Ofcom, based on surveys of viewers and listeners. Inevitably, as the BBC is forced to reduce its panoply of services and/or programming expenditure to accommodate the funding gap, surveys are likely to report a lower level of satisfaction with the BBC, which will lead Ofcom to castigate the BBC. Keeping the funding of the BBC intact is essential to preserve audience satisfaction and performance of the remit. Ofcom stated in its 2018 review of the BBC: "*The BBC is generally delivering on its remit for audiences through the breadth and quality of its output. It provides a significant volume of news and current affairs, a wide range of learning and educational content, as well as high-quality distinctive and creative content for all audiences across its mainstream and specialist services. Audience satisfaction continues to be relatively high: three-quarters of people say they are satisfied with BBC radio*

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and with BBC online, and two-thirds with BBC TV.”⁴ It is implausible to expect the BBC to continue to deliver its public purposes well at the same time as Parliament has determined it is to be responsible for funding free TV licences.

7. **Parliament has condemned the BBC to a morally ambivalent position.** It has to choose between funding the remit and funding the 75 TV Licence regime, in whole or in part, a situation that can only be to its detriment. The BBC is also required for the first time to pick the “winners” and “losers” of the regime change, a situation at odds with its unique position as the publicly owned provider of information and entertainment services above the political fray.

⁴ “Ofcom’s annual report on the BBC”, p. 4.

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