



THE OFFICE OF
GORDON AND
SARAH BROWN

Telephone: +44 (0)203 116 3703
info@gordonandsarahbrown.com
PO BOX 67550 London EC2P 2JF
www.gordonandsarahbrown.com

SUBMISSION BY FORMER PRIME MINISTER GORDON BROWN TO THE BBC LICENCE FEE CONSULTATION

A CLEAR BREACH OF PROMISE

The Conservative manifesto of 2017 states that ‘we will maintain all other pensioner benefits including free bus passes, eye tests, prescriptions and TV licences, for the duration of this Parliament’ – a clear unconditional guarantee that, for the full five years of the Parliament, every pensioner over-75 would be guaranteed a free TV licence. While the Conservative election promise runs to 2022, the BBC are wrongly being given the power to make a decision that, in the light of their own financial need to save £800 million, could abandon the free over-75 licence as early as summer 2020 – a breach of promise by the Conservatives.

The BBC should not have to bear the burden of a mistake by the Government. It is wrong, given its election promise to protect free TV licences, that the Government should be able to wash its hands of the issue and transfer responsibility for deciding who of our pensioner community pays the licence fee or who does not pay to the BBC.

IMPACT ON RISING PENSIONER POVERTY AND INTEGRITY OF THE WELFARE STATE

The BBC report and that of Frontier Economics is so complacent about what is once again rising pensioner poverty. They imply that pensioner poverty is now a thing of the past, which is blatantly incorrect.

In their reports they have to admit, however, that pensioner income is 69 per cent of average household income. They have to agree that one third of the over-75s are in the poorest 30 per cent of the population – and indeed that one in every four of the over-75s are eligible for pension credit because their incomes are so low. But they do not admit that pensioner poverty is on the rise again, and will worsen if exemption from the licence fee is removed or restricted.



The numbers of pensioners in poverty have risen from 1.6 million three years ago to 1.9 million now and will rise beyond two million by 2022 – and the over-75s are almost 50 per cent more likely to be in poverty than the 65-75s.

So, just at the time as poverty is rising, the benefit of a free license is at risk of being taken away.

The BBC suggests that means testing is preferable to universal coverage. But the BBC's report and that of Frontier Economics also does not seem to want to understand the reasons why this universal benefit is in existence. No attempt is made either by the BBC or Frontier Economics to analyse why the TV license was made available to all elderly citizens over 75. The universal benefit for the elderly was introduced for a very good reason. Most of the new public expenditure from 1997 that was allocated to pensioners was devoted to the pension credit, and allocated to the poor and nearly poor elderly. These tax credits were the main vehicle for lifting a total of two million pensioners out of poverty – and the main reason we were able to cut pensioner poverty from a disgraceful and shameful third of our elderly in 1997 to just over 10 per cent as a result of decisions we made before 2010.

The reason for the free license was that, as help was expanded for the poor and near poor, there was a desire to compliment this with an improvement in universal provision – to recognise the contribution all elderly citizens had made to our community, having served our country all their lives – many in war – there was a desire to ensure for all dignity in retirement.

That is why a number of universal benefits were introduced – pensioner bus passes, expanded access to social care, the £200 Christmas bonus as well as free TV licences; and a free TV licence matters not just because it takes old people out of poverty and gets the balance right between means testing and universal benefits, but because access to a television helps minimise isolation and loneliness for millions. Indeed, four out of 10 older people have reported that TV is 'their main company'. It seems ironic that the Government have appointed a Minister for Loneliness, and have said they will audit each policy decision for its impact on loneliness, but failed to audit or ask the BBC to audit the impact of the withdrawal or scaling back of the license fee for the over-75s. Once again another promise has been swept aside.



In their reports the BBC and Frontier Economics ignore completely these important considerations that matter. If Britain is to retain broad public support for its welfare state it needs to balance targeted benefits, to help the poorest, with universal coverage that reflects a basic truth; that Britain is a community based on the conviction that we are ‘all in this together’.

USURPING PARLIAMENT

By amending the Communications Act of 2003, Section 365, the licence fee payment is to be ‘subject to any concession applying in accordance with a determination by the BBC’. And, as it explicitly states, the BBC itself can now amend ‘the concession’, re-amend it or simply abandon it in its entirety for any elderly groups or any type of group – making the BBC for the first time a taxing authority which has the power to decide who pays and who does not. These are powers that are far too wide for an unelected body to assume.

So, the BBC's consultation document does not only break a promise made by a Government subsequent to the Act – a promise that the BBC should not have the power to break – but suggests the BBC will now make decisions usually reserved for an elected Parliament.

By taking powers to tax the 75-85s or 75s-80s, or means test all over-75 pensioners – they are making decisions that should be made only by the people we elect. The BBC are now free to axe help to the nearly two million households with someone aged 75-79.

They are free to cut out all those not on pensions credit – 3.85 million – and thus restrict the free licence to 900,000 households who would need to prove their eligibility.

They are now free to restrict it to households where everyone in it has to be over 75 and not just one member – to cut out 1.2 million currently. In his book *‘Unelected Power’* the ex-Deputy Governor of the Bank of England Tucker refers to central banks as one of the “great pillars of unelected power”, and argues that the power that independent agencies – of which the BBC is one – hold in liberal democracies requires careful consideration.

Tucker develops a set of criteria for the independence of an institution. These confirm the common-sense view that the limits and extent of mandate of any unelected body have to be defined clearly, that there



must be clarity about the instruments it can use to achieve that mandate and that it must be held accountable for its effectiveness.

First-order questions about the distribution of income in our society should be excluded from the remit of an unelected body. The powers should not include making judgment about who is to be taxed.

The BBC is an unelected body that was set up with specified powers to run a broadcasting network. When it was created – and when its future was debated – no one put any upfront case suggesting that it should have the power under its constitution to make decisions on who is taxed and who is not.

Quite simply the BBC should not be making judgements about the distribution of income between social groups in our country. This is, in effect, a matter for Parliament. To make the decision in the way the government and BBC propose is taxation without representation.

CIVIL LIBERTIES ISSUES IGNORED

There are civil liberties issues. To means test the licence fee, the BBC, an unelected body, would have to access DWP private records to enable them to decide who got the means tested benefit or who did not – we have to ask if it is right that an unelected body that is not directly accountable to the people should be given the power to access these private records.

And we have to ask whether, after 20 years of free licences, the BBC can justify taking a frail, housebound, elderly pensioner to court for not possessing a TV licence that for years she has had for free, and then not only having the power to ask for a fine of £1,000 – the standard penalty – with legal costs on top but also to have the power if she doesn't pay or can't pay, to ask the courts to send her to prison. We know that already one in every 10 court cases is over non-payment of TV licences.

WASTE OF MONEY

The administration costs a substantial sum of money. The BBC will have to contact all the over-75s each year to seek payment and will have to cover the cost of handling compliance of non-payers.



If they abolish the exemption, then more than 10 per cent of the revenue received, and if they means test it, perhaps nearer 20 per cent, will go to administration. Indeed, the BBC admit that it would cost £72 million simply to administer the system – money that could have gone direct to the pensioners, instead of money that is paid for in red tape, including creating the new payment system.

For all these reasons, and in a short space of time, 60,000 British citizens have signed a petition as of the first week of February demanding the government take responsibility for funding the TV licenses for the very elderly.

It is time for both the BBC and the Government to listen.

Gordon Brown