

## **Public Consultation: Age-Related TV Licence Policy**

**To:** The British Broadcasting Corporation

**By:** The Intergenerational Foundation

**Date:** 7 February 2019

The Intergenerational Foundation ([www.if.org.uk](http://www.if.org.uk)) is an independent think tank researching fairness between generations. IF believes policy should be fair to all – the old, the young and those to come.

### **Introduction**

IF is pleased to have been given the opportunity to contribute to the BBC's public consultation on the future of age-related TV Licence fee concessions. As an organisation which exists to represent the interest of young people, we believe that the debate over the future of free TV licences for the over-75s encapsulates many of the broader issues of intergenerational inequality in contemporary Britain. We would particularly like to emphasise the following points to the BBC:

#### **1. Retaining the current concession is unaffordable**

IF strongly believes that retaining the status quo is unaffordable, and would have a deleterious impact on the scope and quality of the services which the BBC is able to provide to its audiences across the UK. As both of the reports by Frontier Economics emphasise, retaining the full concession in its current form would immediately cut the BBC's budget by 18%, and because the commitment to provide free TV licences to every single household containing at least one member over the age of 75 is completely open-ended, it would become an ever-increasing financial burden on the BBC as the UK's population ages. As is explained in the BBC's consultation document, retaining the existing concession would also effectively produce a very large cross-subsidy between younger Licence Fee payers and their older counterparts, worth approximately £34 per year from each younger household (or, to put that another way, roughly 22% of the current Licence Fee payment from each younger household would go towards subsidising free TV licences for the over-75s).

Given that the BBC is supposed to serve all audiences across the UK, it can be argued that retaining the current concession would make it more difficult for it to achieve this objective. It is also worth emphasising that, as older people are the biggest consumers of the BBC's television programmes, they are likely to be among the biggest losers if the quality and quantity of the BBC's output underwent a significant degree of retrenchment to fund free TV Licences in the future, so such a policy would be somewhat self-defeating. Therefore, IF does not believe there is a strong case for simply copying the existing TV Licence concession for the over-75s.

## 2. The arguments for an age-related TV Licence concession are unconvincing

Supporters of an age-related TV Licence concession generally put forward two main arguments: firstly, that older people are disproportionately likely to be poorer than average (which was the original justification for introducing the free TV licence in 2000), and secondly, that access to television programmes plays an important role in combating loneliness and social isolation among this age group. However, neither of these arguments are convincing when subjected to further scrutiny.

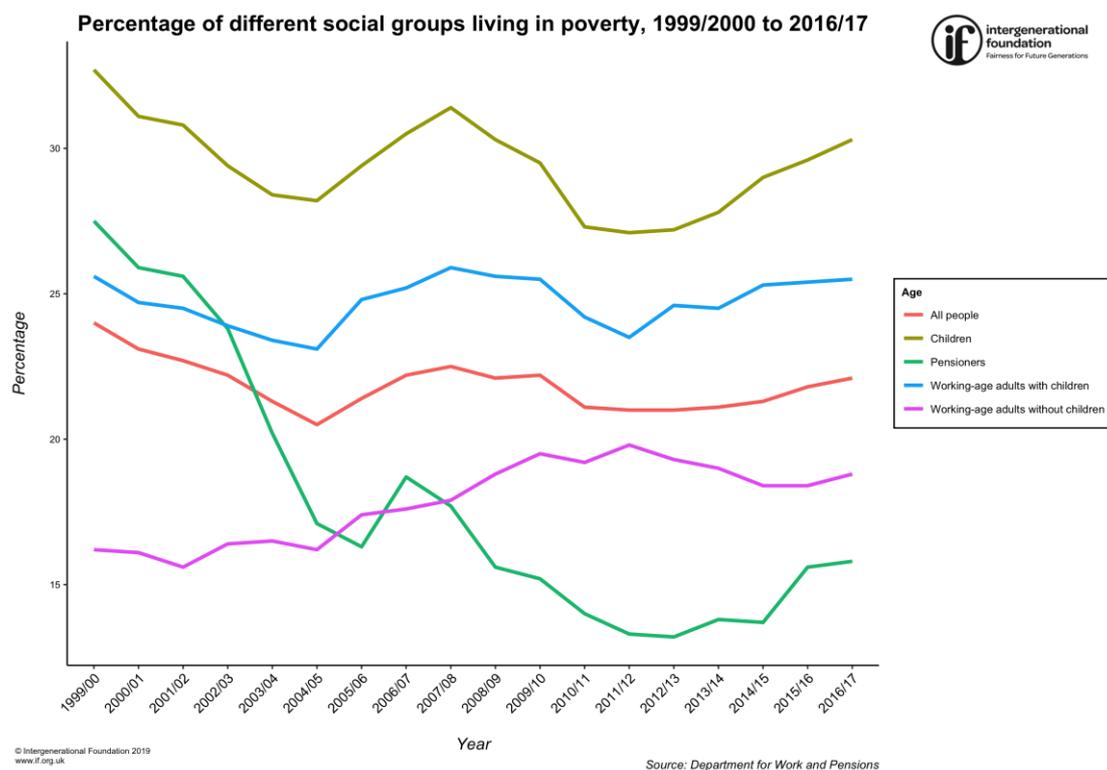


Fig.1 Poverty rates among different social groups<sup>1</sup>

Firstly, on the issue of poverty, there has been a remarkable (and extremely welcome) decline in pensioner poverty over the period in which the free TV Licence has been in existence (Fig.1). According to government data, in 1999/2000 28.7% of individual pensioners lived below the government's official poverty threshold, whereas the latest available data (for 2016/17) show that only 15.8% are currently living in poverty. By contrast, a higher proportion of working-age adults are now living below the poverty threshold than was the case when the TV Licence concession was introduced. Clearly, poverty has not been eradicated among retired households, but the key point is that given that the TV Licence is effectively a form of poll tax (in the sense that everyone who wants to watch television has to pay the same amount, regardless of income), there doesn't seem to be a convincing case for giving pensioner households alone a TV Licence concession in order to alleviate poverty without giving one to working-age households who are also poor. There is also a strong argument that it should not be the BBC's job in the first place to try to alleviate poverty, when it has so many other duties which it is expected to perform on a relatively limited budget.

<sup>1</sup> DWP (2018) *Households below average income: 1994/95 to 2016/17* London: DWP

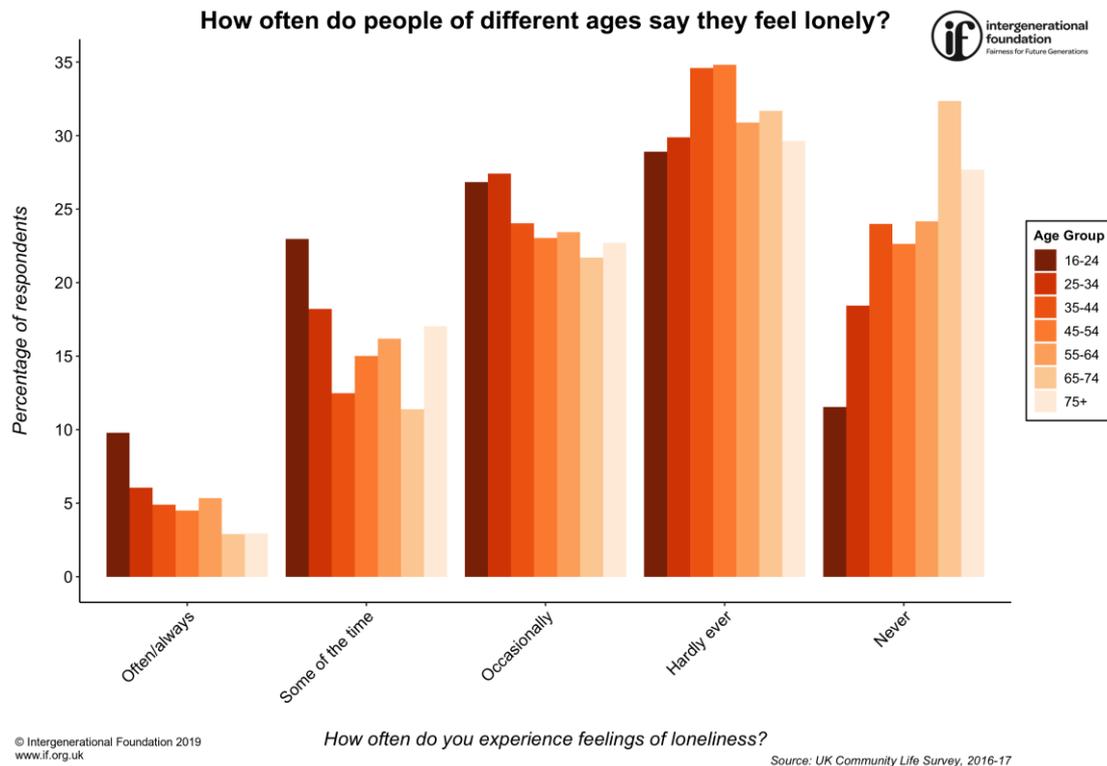


Fig.2 Loneliness by age<sup>2</sup>

Secondly, on the issue of loneliness, there are undoubtedly many older people who are socially isolated for whom BBC television services provide a source of comfort. However, IF would make two observations about this: a) loneliness is by no means exclusively a problem which affects older people; indeed, some of the best available evidence which we have suggests that it is actually more likely to affect the young (see Fig.2, which is based on data from the most recent UK Community Life Survey), and b) Frontier Economics also found that there is very little evidence that the amount of money that is spent on free TV Licences uniquely for the over-75s justifies the impact which it appears to have on alleviating loneliness. They argued that:

*“...while it is credible that television can be a form of companionship and help reduce feelings of isolation, as reflected by the comments made by a number of stakeholders, there is as yet little compelling evidence that there are significant external benefits which would support a case for a universal concession for over-75s. This does not mean that television does not help promote improved quality of life or well-being for those who rely on it, and being older (over 75 or particularly over 80) appears to be an imperfect proxy for relying on television. Of course, other groups vulnerable to social isolation, such as younger people with disabilities, do not benefit from a concessionary licence.” (p.22)<sup>3</sup>*

In other words, while loneliness undoubtedly affects a certain proportion of older people, it also affects younger people as well, and there is little evidence that providing free TV licences is a cost-effective means of combating it compared to alternative interventions which may be available. The same point from above could also be reiterated: should it really be part of the BBC’s core mission to specifically try

<sup>2</sup> ONS (2018) *Loneliness - What characteristics and circumstances are associated with feeling lonely?* Newport: ONS

<sup>3</sup> Frontier Economics (2018) *Review of Over-75s Funding* London: Frontier Economics

to alleviate loneliness among the older population when we already expect it to do so many other things on a relatively limited budget?

### **3. The BBC needs to do more to cater to younger viewers**

As the BBC's Consultation Document observes, the BBC is currently facing a significant degree of competition for the attention of its younger audience members from its existing commercial rivals and also newer entrants to the UK media landscape, such as Amazon and Netflix. The BBC is clearly well-aware of the scale of the challenge which it faces when it comes to engaging with younger viewers, as this has been emphasised by previous research: for example, a major piece of audience research which was commissioned by the Department for Culture, Media and Sport about public attitudes towards the BBC reported the following finding in 2016:

*“Overall, young people did not feel that the BBC was aimed at their age group as it did not provide the type of entertainment they found appealing – comedy programmes, documentaries that explored taboo topics and reality television. Whilst they agreed that this type of content would attract them to the BBC, they were unsure whether this was a good ‘fit’ for the BBC...Young people also struggled to identify young presenters apart from those noted for BBC Radio and therefore felt that the BBC could be difficult to relate to.” (p. 8)<sup>4</sup>*

It seems fairly self-evident that retaining the free TV Licence for the over-75s in its current form would make it harder for the BBC to appeal to its younger audience members in two ways: firstly, on a practical level it would reduce the BBC's ability to invest in making high-quality programmes and redesigning its web and radio services to make them more attractive to young people; and secondly, it would also send out a strong message that the BBC is more concerned about the wishes of the older section of its audience than it is about the young. Given that the BBC relies upon broad-based public support in order to continue to play its unique role within British society, it needs the support of today's young adults if it is going to carry on being funded by the Licence Fee in the future.

### **4. The BBC should either means-test the free TV Licence or abolish it completely**

Taking the above arguments into account, and also factoring in the conclusions that were reached by Frontier Economics in the second of its two reports for the BBC, IF believes that there are only two viable options for the outcome of this consultation process: the BBC should either means-test the free TV Licence so that it is only received by households containing someone over the age of 75 who is in receipt of Pension Credit, or it should abolish it completely. These two options would have different pluses and minuses, as set out below:

#### *Means-testing using Pension Credit*

Means-testing the free TV Licence so that it is only given to pensioner households where someone receives Pension Credit would have a number of advantages over retaining the status quo: it would save the BBC a very large amount of money to reinvest in improving the quality of its services; it would improve the targeting of the benefit so that it only goes to older households which are genuinely in need of it; and

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<sup>4</sup> GfK Social Research (2016) *Research to explore public views about the BBC* London: GfK Social Research

it would be relatively straightforward to administer using the existing Pension Credit database. Arguably, it would also offer two additional benefits: it would do something to legitimise the principle of means-testing pensioner benefits that are currently universal, which IF believes is a necessary adjustment that will have to be implemented as the UK's population ages; and, from a social policy point of view it could actually increase the uptake of Pensioner Credit amongst the households who are entitled to it but don't claim it.

However, the potential disadvantages of this option are that it would still imply imposing quite significant cuts on BBC services, as it would reduce the BBC's budget by around 5%, and it would also leave the basic principle of there being a free TV Licence for older largely unchallenged, when IF believes it is intergenerationally unfair for one to exist when there is not a corresponding benefit for poorer households of working age.

#### *Abolishing the free TV Licence completely*

From IF's point of view, the two major advantages of completely abolishing the TV Licence concession for older people are firstly, that it would save a very large amount of money in comparison with retaining the status quo, and even a fairly significant sum of money in comparison with means-testing it; and secondly, it would ameliorate the intergenerational unfairness of there being a free TV Licence for older households without there being a corresponding one for poorer households of working-age. As stated above, IF believes that the case for having any kind of TV Licence concession which is aimed exclusively at older households is unconvincing, and its abolition could help to trigger a much-needed broader debate about the design of the welfare state and welfare benefits for older households in an age of government austerity and population ageing.

The drawbacks of this option are that it would be somewhat regressive towards poorer older households (as the second report from Frontier Economics argued) and from a political point of view it could also reduce support for the BBC among older households in the short term, although, as argued above, retaining the current concession may ultimately weaken public support for the BBC in the long term if younger people feel they are getting a poorer deal from the Licence Fee.

This is clearly an immensely challenging issue for the BBC Board, and we hope that the arguments that we have presented make a useful contribution to its decision-making process. Debates about the future of age-related benefits are only going to become more urgent as the UK's population gets older.

If you would like to learn more about the work of the Intergenerational Foundation please contact:

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