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Consultation response: BBC TV licensing Age-related TV licence policy

Response by the Money Advice Trust

Date: February 2019

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Introduction

About the Money Advice Trust

The Money Advice Trust is a charity founded in 1991 to help people across the UK tackle their debts and manage their money with confidence.

The Trust's main activities are giving advice, supporting advisers and improving the UK's money and debt environment.

In 2018, our National Debtline and Business Debtline advisers provided help to more than 204,000 people by phone and webchat, with 1.7 million visits to our advice websites.

In addition to these frontline services, our Wiseradviser service provides training to free-to-client advice organisations across the UK and in 2018 we delivered this free training to over 820 organisations. Furthermore, Money Advice Trust Training and Consultancy services have worked with over 224 commercial organisations to identify and support their customers in vulnerable circumstances.

We use the intelligence and insight gained from these activities to improve the UK's money and debt environment by contributing to policy developments and public debate around these issues.

Public disclosure

Please note that we consent to public disclosure of this response.

Introductory comment

We welcome the opportunity to respond to the BBC TV Licensing consultation on the options on the BBC's age-related TV licence policy.

Ideally, we would like to see the continuation of the status quo, in which all households with someone aged 75 or over receiving a free TV licence.

If the current proposals to abandon the status quo go ahead, however, of the options provided, we would express a preference for means-testing eligibility for the free licence.

If the BBC was to go down this means-testing route, however, we would suggest the following.

- ✓ The BBC should set up a complementary scheme to ensure that anyone who holds a TV licence and reaches pension age is alerted to their potential eligibility for pension credit, and therefore their potential eligibility for a free TV licence. An added benefit of this suggestion is the potential for such a scheme to help the government address the far bigger problem of low take-up of pension credit by eligible pensioners.
- ✓ The introduction of means-testing places a responsibility on the BBC to ensure that people are signposted to income maximisation services. The BBC should therefore partner with charities that could provide income maximisation and comprehensive benefit checks for all those over pension age.
- ✓ In addition, the BBC should consider exempting all those households where someone is in receipt of Attendance Allowance, (eligibility starts from 65 or older) due to their care needs related to disability.
- ✓ We would also suggest setting up a hardship fund, along the lines of water and energy trust funds, which could help to pay TV licences for pensioner households that do not fit into any of the means-testing proposals.
- ✓ TV Licensing should explore how it could use data sharing to join with energy and water providers to implement a form of single priority services register.

Finally, the BBC should make it easy for better-off pensioners over 75 to pay their licence fee voluntarily.

In addition, we would urge the BBC and government to use this opportunity to evaluate whether the threat of a fine or imprisonment is an appropriate tool to use. In this scenario, a group of older households who are likely to be more vulnerable than the general population, would become subject to criminal action were they to fail to pay their licence. We believe alternative payment arrangements and greater forbearance measures should be put in place for this cohort of people and that prosecution is not used as a method of enforcement.

Responses to individual questions

Question 1: Your views about three overall options

- ✓ **The BBC should be copying the current concession**
- ✓ **The BBC should be restoring a universal licence fee**
- ✓ **The BBC should be reforming the concession in some way**

Ideally, we would like to see the continuation of the status quo, in which all households with someone aged 75 or over receiving a free TV licence.

We do not support removal of the concession for the reasons set out in the paper. Many people of pension age are still in relative poverty. In addition, many people of pension age are in more vulnerable circumstances, more likely to have a disability and be both lonely and isolated. As statistically higher numbers of older people are digitally excluded, television is likely to be their only way of keeping up-to-date with the world.

However, we have set out some other thoughts below, should the BBC decide to go down another route.

Question 2a: Your views about three particular reform options

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

In the absence of universal free licences for over 75s, we have thought further about the options the BBC has put forward. We do not support raising the age of the concession for the reasons set out below in answer to question 2C. We would not support a discount policy unless this is a substantial amount of discount, which we expect would be impractical due to the significant impact on the BBC's finances.

However, if it is decided that universal free licences for over 75s is no longer an option, in this scenario we would reluctantly see some merit in means-testing eligibility for the free licence. This would be our preference of the three options presented.

However, this option comes with major challenges. Means testing is generally considered problematic because it relies upon those who are eligible to make a claim, and many people do not do so. This might be because of pride, lack of awareness of the benefit, or a perceived stigma in making a claim. Unfortunately, it is likely that people who are most likely not to claim are going to be in the relevant older age group. Universal benefits are generally easier to apply across the board, without depending upon people to check they qualify or go through complicated hoops in order to do so. There are therefore fewer resources and administration costs needed to set up a scheme. A scheme is easier to administer, for example when simple and clear criteria for eligibility are used, such as age. It becomes much more complex where income is means-tested, or qualification is based upon eligibility for a certain benefit such as pension credit.

Figures from the Department for Work and Pensions (DWP) reveal that 40% of families in Great Britain who are eligible for pension credit failed to claim the benefit during the 2016/17 tax year, leaving them missing out on an average of £2,500 for the year. Up to £3.5 billion of pension credit went unclaimed in 2016/7 meaning up to 1.3 million families are missing out on an average of £2,500 per year¹

In addition, according to the Joseph Rowntree Foundation, it appears that levels of pensioner poverty are beginning to rise again, particularly amongst older pensioner groups.² If this trend continues, whilst pensioners still fail to claim pension credit, then removal of free TV licences will be a substantial additional financial burden.

We would suggest that basing eligibility for a free TV licence on pensioners being in receipt of pension credit would mean that many people would miss out on a free licence. If the BBC TV Licensing Unit was to go down this route, it would be imperative for the BBC to set up a complementary scheme to ensure that anyone over pension age would be alerted to their potential eligibility for pension credit and consequently a free TV licence. This proposal would have the added benefit of helping to address the far greater problem of low take-up of pension credit amongst pensioners who are eligible.

We would go further, and suggest that the BBC should partner with charities that could provide income maximisation and comprehensive benefit checks for all those over pension age. Anyone over pension age, contacting the BBC for help because they are unable to pay their licence, should also be referred for a comprehensive benefit check.

Another point to bear in mind is that people become eligible for pension credit at pensionable age, rather than 75, so the potential group of eligible households would theoretically expand, unless an age limit of 75 was maintained. However, better-off pensioners would become liable to pay, which would offset the impact.

Another drawback to this idea, is that even where all eligible households were to claim pension credit, there will still be a group of people whose incomes are just too high to qualify for pension credit. This does not mean that these households are not in relative poverty, but a scheme based around means testing would mean that they would be expected to pay the full licence out of an income that may be little higher than those on pension credit. This group would potentially suffer relative hardship. This option does not help to solve this problem.

¹ <https://www.moneysavingexpert.com/news/2018/11/over-p10-billion-of-benefits-left-unclaimed/>

² <https://www.ageuk.org.uk/latest-news/articles/2017/december/300000-more-pensioners-living-in-poverty/>

Age UK has published new analysis that they say demonstrates “more than 50,000 UK pensioners could be pushed below the poverty line if the BBC goes ahead with proposals to scrap the free TV licence for the over-75s”.³

They go on to say:

“Unfortunately the threat of pensioner poverty has not been vanquished in this country, in fact official statistics make it clear that after big advances at the start of this century progress has more recently juddered to a halt and gone into reverse. At Age UK we are deeply concerned that scrapping free TV licences will simply accentuate this trend, pushing up to 50,000 more pensioners the wrong side of the poverty line.”

An option to be considered in addition to pension credit eligibility would be to consider exempting all those households where someone is in receipt of Attendance Allowance, (eligibility starts from 65 or older) due to their care needs related to disability. This group of households are much less likely to be mobile, and therefore more reliant upon their televisions as a main source of entertainment. We would also suggest consideration of setting up a hardship fund, along the lines of water and energy trust funds, which could help to pay TV licences for pensioner households that do not fit into any of the means-testing proposals. For further information about the type of schemes available, see the Auriga Trust Fund booklet⁴

Our final suggestion is that in the longer term, TV Licensing should explore how it could use data sharing to join with energy and water providers to implement a form of single priority services register.⁵ We understand it is the industry aim to have a single priority services register in the coming years. This could be utilised to help identify households who are in vulnerable circumstances and eligible for extra help.

Question 2b: Your views about discounting: what discount?

We do not have a preferred option for what element of discount the BBC could apply to households where someone is aged over 75. Clearly the higher the discount, the less impact there is on the finances of a household on a low income or pension credit. A high discount makes weekly or monthly payments more affordable, but is no substitute for a free licence scheme.

Question 2c: Your views about changing the age: what age?

We do not support raising the age of eligibility for a free licence to 80 or above. This will not assist the poorest pensioners, whose income will be most likely to be fixed from retirement age onwards. Their income will not have increased or decreased over time. Raising the age, will just make it harder for those over 75 to manage their finances, and increase hardship for the most vulnerable.

Question 2d: Your view on combinations

We are not in favour of raising the age threshold for the reasons we have set out in our response above.

³ <https://www.ageuk.org.uk/latest-press/articles/2019/january/scrapping-the-free-tv-licence-could-push-more-than-50000-pensioners-into-poverty-warns-age-uk/>

⁴ <https://www.aurigaservices.co.uk/wp-content/uploads/2018/08/Water-Energy-Booklet.pdf>

⁵ <https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/extra-help-energy-services/priority-services-register-people-need>

Question 2e: Your preferred combination

We do not have a preferred combination of options for the reasons we have set out in our response.

Question 3: Any other comments

The BBC should make it easy for better-off pensioners over 75 to pay their licence fee voluntarily. This would off-set the criticism that universal benefits enrich the better off. We know that there are instances where people do voluntarily continue to make payments, and perhaps this should be encouraged.

The government and the BBC should review the enforcement regime for TV licensing. As a debt charity, we have previously raised our concerns about the use of magistrates' court fines for non-payment of TV licences.⁶ We would urge the BBC and government to use this opportunity to evaluate whether the threat of a fine or imprisonment is an appropriate tool to use. In this scenario, a group of older households who are likely to be more vulnerable than the general population, would become subject to criminal action were they to fail to pay their licence. Many of these households would not have been liable to pay for their licence for some years. It is inevitable that some people would not set up payment arrangements, or be capable of doing so. A substantial number of this group might be in very vulnerable circumstances due to age-related illnesses, or dementia, and may lack capacity. In some circumstances people would be unable to pay.

We believe alternative payment arrangements and greater forbearance measures should be put in place for this cohort of people and that prosecution is not used as a method of enforcement.

We would mention the simple payment plan model here as a good example. This model spreads payment for TV licences over the whole year and has flexibility built into the system to allow for two missed payments within the scheme. We understand that the pilot is currently being assessed by TV Licensing following the trial scheme.

If the aim of the policy is to maximise TV licence income, then we would suggest concentrating on innovative ideas to obtain payment, rather than the additional burden of a fine or civil penalty as this just makes the situation worse for many people and this age group in particular.

For more information on our response, please contact:

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<http://www.moneyadvicetrust.org/SiteCollectionDocuments/Policy%20consultation%20responses/Unilateral%20Responses/Money%20Advice%20Trust%20response%20to%20the%20DCMS%20TV%20Licence%20Enforcement%20Review%20consultation%20paper.pdf>



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