

## Professor Patrick Barwise – email response

As background, please note that I disagree with the concession as a matter of principle:

- The BBC should not be used to deliver welfare policy
- Giving the concession to all households with one or more members aged 75-plus (regardless of household size or income) and to no other households (ditto) makes it *extremely* badly targeted in today's society, as the Frontier analysis makes clear
- If the BBC takes on the full cost, the impact on its revenue will do great and ever-increasing damage to the range and quality of the BBC's TV, radio and online services for everyone, including the over-75s.

Cutting the BBC's LF revenue will also damage (i) the World Service (reducing its ability to counter fake news and disinformation and to boost the UK's soft power), (ii) UK producers and the wider creative industries (the BBC is the cornerstone of our very successful broadcasting ecology), (iii) the BBC's ability to deliver the various public service benefits in the Charter and (iv) the other things now funded by the LF.

**The key trade-off is simple: the more households there are that don't contribute to the cost of the BBC, the less money there will be to pay for programmes for everyone.**

Over 99 percent of households consume the BBC's services, for many hours every week (almost 20 hours per *person*) so everyone will suffer from the cuts. However, among the households losing the most if the concession were continued as now would be those with pensioners on average or above-average incomes. They are among the heaviest users of BBC TV and radio and they can easily afford the 41p per day licence fee. As Age UK has said, for many older people, especially disabled older people, the television is their main source of company. Radio, for which the BBC is the main source of investment in programmes, is almost as important.

Nevertheless, it is also true that many over-75s are living in poverty. Therefore, given where we are, the best policy will be one that:

1. Minimises the damage to the BBC's programmes, while
2. Protecting those households currently receiving, or due to receive, the concession and who are in sufficient hardship that they would *genuinely* struggle to pay the 41p per day cost of the licence.

Of the options being considered, easily the best is to **limit the concession to those in receipt of Pension Credit**. This is far from a perfect solution because many households receiving Pension Credit are likely to have higher income (per capita, after housing costs) than many younger households. But it can be implemented at relatively low administrative cost (it involves no new means testing) and, in my view, strikes the best balance between 1 and 2.

Age UK and others may succeed in persuading the Government to reverse its decision. But, assuming the Government refuses to back down, the challenge will be to win over public

opinion to support/accept the Pension Credit option. This will require communicating the key trade-off above, with some examples of specific (combinations of) services that would have to be cut in order to cover the cost of each option.

It will also be necessary to head off the suggestion that the trade-off could be avoided through efficiency savings, cutting presenters' salaries etc, or increasing commercial income. The numbers on all this are very clear but summarising them simply and briefly will, as always, be another challenge.

As a next step, I recommend some urgent (deliberative and/or qualitative, then quantitative) research to **establish the public's preferences for the different options - and for each option, which (combinations of) services they would cut or save - *once they understand the trade-off***. Clearly, there are likely to be large demographic differences in people's preferences (not least driven by how the concession affects them personally). The research should be designed to measure these. That is perfectly feasible.

Best regards,

Patrick

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