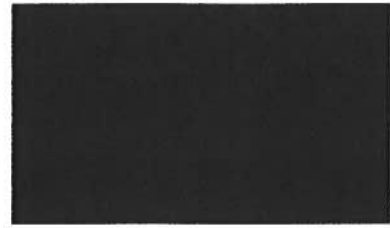


Sir David Clementi  
BBC Chairman  
Broadcasting House  
London  
W1A 1AA



Dear Sir David,

I hope this finds you well: please accept my best wishes for the New Year.

During the festive season, I took the opportunity to ascertain informally, the views of a number of friends and colleagues on the Over 75 licence fee issue. I encouraged them to respond to the consultation and emphasised that the BBC itself had no view on the way forward but wished to develop an understanding of the range and strength of views held by licence fee payers and various stakeholders.

I also attended a BBC Scotland round table consultation last week: therefore the following points should be read as representing more than my own personal judgement.

1

### **BBC or HMG to pay for concession**

The BBC has been placed in an invidious position where it has to choose between a number of options, all of which are unpalatable.

For the BBC to take responsibility for aspects of UK social policy is a step too far and should not continue. If HMG wishes to pay for the elderly to enjoy such benefits then that is a matter for HMG. The BBC is not a branch or department of State.

2

### **The Royal Charter**

If the BBC absorbs the full cost of the over 75s licence fee concession (or a variation thereof) there are serious questions to be asked regarding the ability of the Corporation to meet its responsibilities under the terms of the Royal Charter

I am confident that, faced with the consequential cuts to BBC programmes and services, there would be such an outcry across the land that MPs would be inundated with complaints.

Past experience of trying to cut, merge or close BBC services is a sure guide to what would take place, albeit in a smaller scale!

3

### **Foreign and Security Services/Policy**

It would be open to the BBC to ameliorate the consequences of such budgetary constraints by reducing its existing contribution(s) to HMG's foreign and/or security policy.

Licence fee payers would be much more prepared to accept cuts to the World Service than domestic programmes:

Moreover, they were happy to pay for the BBC series '*Spooks*' but would be less happy if they knew how much they were paying – through the licence fee- to pay for, as it were, 'spooks' in real life ie the Monitoring Services

HMG would do well to reflect upon and consider the potential consequences of public debate around these issues.

4

### **Administrative and Ethical Problems**

If the BBC creates a scheme which, in effect, chooses it will be accused of discrimination: In this case between the deserving and the putatively or what will be perceived to be non deserving pensioners.

The BBC is not equipped nor should it be asked to do this. Issues of pensioner income and poverty are social policy and a matter for HMG: for the Treasury and the Department of Work and Pensions

The outcry –whatever scheme is adopted - will resemble the debate around universal credit: there will be endless complaints to MPs regarding the criteria, the perceived unfairness of the system etc

The tabloid press and thus the public agenda will also major on the administrative costs of the scheme and inequities in means testing, including the problems experienced by the elderly in completing forms, especially if online etc .

There is a good reason why Scotland has opted for universal state funded NHS prescriptions. This is a system which provides value for money on a number of levels.

If the concessionary licence fee is to continue, it should be funded and administered by HMG

5

## **UK Creative Industries Policy**

In November 2018, the Business and Culture Secretaries of State stated that

'Business secretary Greg Clark said: "The creative industries are a fantastic British success story creating millions of jobs and business opportunities across the country. The sector currently contributes £92 billion a year to our economy and through our modern Industrial Strategy we are investing further to enable the sector to keep on growing and bringing the benefits to all corners of the United Kingdom."

Culture secretary Jeremy Wright said: "Britain's creative industries are an economic and cultural powerhouse and the Creative Clusters will ensure they continue to thrive in different regions across the country.'

It is self evidently the case that diverting nearly 20% of the BBC's budget from content creation and production to pay for pensioner benefits will damage the UK's ability to compete in the world of giants like Netflix etc

It is also the case that this will exacerbate generational inequity in that this income could be put to better use in investing in your talent and employment.

6

### **BBC Independence**

If the BBC is forced into making the substantial cost savings which would be an inevitable consequence of having to pay for the concession in full or a substantial portion thereof, the second half the current charter period would be dominated by a combination of public interest tests and OFCOM consultations and determinations on what would be 'material changes' to BBC services.

In this case, the BBC's independence could well be compromised by a situation in which OFCOM does not give regulatory permission to the Corporation to vary or cease some services.

It is unclear what would happen in these circumstances, not least to the BBC's independence, budgets and services.

OFCOM should not be allowed to micromanage the BBC by being able to choose which services are cut and which continue etc.

OFCOM's potential powers in this issue are located in paragraph 13 (1-4) \_Operating Licence - of the Agreement as well as - less strongly - in paragraph 7 - 7 (B) adverse impact

**6**

## **Conclusion**

In my judgement it is reasonable that the BBC to request that that HMG continues to fund the over 75's licence fee concession for an interim period of two years to enable the matter and the implications of such enormous budgetary constraints to receive more comprehensive consideration and analysis.

This would mean that the determination of the way forward could be included in the run up to the 1<sup>st</sup> April 2022 licence fee settlement which is a more suitable place and process for this.

However, my strong view and that of many whom I have consulted is that social policy is a matter for the government and the BBC should be left to get on with making and delivering excellent programmes and services,

