

# Consultation Response

## Age UK's response to the BBC public consultation – Age-related TV licence policy

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## **About this consultation**

Since November 2000, households that include someone aged 75 or over have been entitled to a free TV licence. In 2015 the Government announced that it would no longer continue to pay for the free licence and government funding is being abolished in stages. From 2020 responsibility for any age-related concession rests with the BBC. The consultation sets out the BBC's initial views and asks for responses to help the BBC Board decide what, if any, concession should operate from June 2020.

## **Key points**

Age UK believes that the free TV licence for over 75s should remain. Removing or limiting the concession would have a major impact on the lives of many of our oldest citizens, particularly the most vulnerable who are living with some combination of disability, low income and loneliness.

The Government should take back responsibility for funding the free licence. It is not appropriate for the BBC, as a public sector broadcaster, to make decisions about who should receive concessions or to be responsible for funding what is, in effect, part of our welfare system.

Nearly three in ten (29%) of people aged 75+ live in poverty or only just above the poverty line. However, it's not just about income. More than half of over 75s are disabled, so are likely to have lower disposable incomes after meeting essential disability-related costs including paying for care and support, higher heating bills, extra laundry or having to use taxis.

People aged 75+ are more likely than younger people to live alone which, combined with the high levels of ill health and disability, can make them isolated and dependent on TV for companionship, entertainment, news and information.

We are very concerned that any changes could result in some older people giving up their television even if it is very important to them, while others may cut back on heating and other essential costs in order to buy a licence.

We do not believe that the alternative options are acceptable. The analysis commissioned by the BBC shows that a 50% payment or raising the age above 75 would result in lower income older households losing a higher proportion of their income than richer older households. Means-testing is not a solution either. Linking the concession to those in receipt of Pension Credit would miss the very poorest – those who are entitled to help but

have not claimed. It would also be very unfair to those with incomes just above the threshold.

## **1. Introduction**

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England. In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Our work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

Age UK welcomes the opportunity to respond to the consultation. Our response has been informed by polling we have commissioned and views expressed by individuals who have contacted us following the launch of our campaign to save the free TV licence. We have heard from people aged 75+ about how important it is for them, from those approaching 75 who are looking forward to receiving it, from younger people concerned about the position of their older relatives and from many other people who do not benefit directly from the free TV licence but believe it is important that, as a society, we provide this support to older pensioners. The quotes included in this response represent a very small selection of comments we have received.

## **2. Transfer of support to the BBC**

Age UK's starting point in this debate is that the BBC should not have agreed to take over responsibility for free TV licences as part of new funding arrangements announced in July 2015, and the Government at the time should not have put pressure on the BBC to do so. As set out below, we believe there are continuing strong arguments for keeping the free licence but that it is the role of Government to provide this support for our oldest citizens - not the BBC. It is not appropriate for a public service broadcaster to be involved in what are, in effect, tax and benefit decisions. The BBC should not be placed in a position where it has to decide who should receive concessions or to administer a system which could involve disclosure of personal details such as financial information.

We are very uncomfortable that older people have been drawn into what is essentially a debate between the Government on one hand and the BBC on the other about the future of public service broadcasting and the ability of the BBC to continue to deliver high quality programming. We believe this is inappropriate and unfair on older people, many of whom view their television as not merely 'a box in the corner of the room' but a trusted friend and constant companion.

While the agreement was made under the previous Government, the 2017 Conservative Party manifesto, made a commitment to retain support for the TV licence to the end of the Parliament (which based on a five-year term will last until 2022 - after the current funding arrangements end). Taking back responsibility for the licence (directly or through additional funding to the BBC) is important to make sure this commitment is kept and, more generally, to ensure that the Government maintains responsibility for this important concession. We have also made our views known directly to the Government by writing to the Culture Secretary Jeremy Wright.

Some of those contacting us have also made the point that funding TV licences should be a role for the Government not the BBC.

*'It is utterly wrong for the Government to have passed the responsibility for funding TV licences for older people to the BBC and totally unacceptable for the BBC to be forced into making such welfare decisions.'*

### **3. Consultation and background papers**

In general, Age UK has been disappointed by the process of consultation, including the lack of public consultation around the original decision that the BBC should take over responsibility for the concession.

The BBC commissioned Frontier Economics to carry out analysis and they produced two papers; *Concessionary TV licences and the landscape of intergenerational fairness* and *Review of over-75s funding*, the latter of which the BBC draws on heavily in the consultation paper. We are concerned that these papers appear to start from the presumption that the current concession is unfair and should be reformed. In producing their review of funding, Frontier Economics were asked to look at the implications of reinstating the existing concession and options for reform and, in particular, to look at financial impact, distributional impact, feasibility and economic rationale. However, while they have produced a detailed economic analysis, these background papers do not consider views of older (or younger) people or look at the impact that removing the concession could have on people's lives.

Furthermore, as we have already commented to the BBC, we question whether the consultation will reach, and receive adequate feedback from, those who could be most affected by changes. The questions are quite complex and the paper gives a lot of weight to different reform options with more limited space to allow people to express their views if they wish to retain the current concession. It is important that the BBC hears the voices of all older people including: those who are not online (about half of those aged 75+); people who have physical health problems or cognitive decline; and those who are less confident at responding to formal consultations. Age UK has been working to help ensure these people are supported to respond to the consultation but believe the BBC should also be proactively seeking views from disadvantaged sections of the older community.

#### **4. Why we should keep the free TV licence**

In summary, we believe it is important to retain the free TV licence for people aged over 75 because many have: low disposable incomes (especially after meeting essential costs); high levels of ill health or disability; and are particularly reliant on television for companionship, entertainment, news and information. These inter-related issues are considered further below.

*'I am an OAP with a very meagre pension and TV is only source of entertainment that I have. Free TV licence has helped immensely over the past few years.'*

#### **Income and affordability**

While there have been welcome improvements in the average incomes of people aged 75+ since the concession was introduced in 2000, many in this age group still live on low or modest incomes, and worryingly in recent years pensioner poverty levels have started to rise again.

- Nearly a fifth of people aged 75+ (18 per cent) are in poverty according to the most commonly used definition<sup>i</sup> and
- Around three in ten (29 per cent) are in poverty, or just above the poverty line.<sup>ii</sup>

But standards of living and disposable income are not just about the money coming in. People aged 75+ are more likely than younger age groups to have extra demands on their income due to health and care needs, often with limited formal care support. For example, older people may have higher heating bills because they are at home more and have restricted mobility, may need to pay for taxis if public transport is difficult to use (or not available) and may have to pay for jobs such as cleaning and decorating that they can no longer do themselves. In addition, people can face extra costs due to buying health-related items or having to pay for care services. As a result, even those who, on paper, appear to have reasonable incomes can be very hard pressed after meeting high levels of essential costs. For example, one woman who told us that television provided 'a window on the outside world' for her disabled mother said that because her mother had an occupational pension it was unlikely she would qualify if the concession was means-tested, even though in practice most of this pension went on care charges.

*'It was a great relief not to have to pay when reaching 75 this year as I need to save as I am getting older & need more help with things like heating bills, food, diesel as they continually go up & as the weather is so often bad I have to stay in on my own and TV is company.'*

The over 75s population have often been retired for many years. Many will have seen the real value of their retirement income falling over time as private pensions are generally not increased in line with living standards, and savings (which for many years have produced very little investment income) are drawn on. And all in this age group will have reached State Pension age well before the new State Pension was introduced which particularly benefits those who have had lower lifetime earnings. The combination of incomes falling in real terms and additional costs, can result in financial pressures. Universal benefits such as the winter fuel payment, the bus pass (for those who have a bus service and are able to use it) and, for the over 75s, the free TV licence, provide welcome support to a group who have contributed much to our society over their lifetimes.

*'I am 76 and free TV is about the only free thing I get and it saves me just a little money each month to go towards keeping warm.'*

## Health and disability

Ill health and disability increase with age.

- Around a half (49%) of those aged 75+ have a limiting long-standing illness<sup>iii</sup> and more than half of people aged 75+ are disabled.<sup>iv</sup>
- 850,000 in the UK have dementia. Incidence increases with age and one in six people aged 80+ have dementia.<sup>v</sup>

The high level of ill health and disability among those aged 75+ is important in the debate about free TV licences because, as set out above, this often leads to higher costs. Furthermore, health problems may limit people's ability to get out and about, making socialising harder and the television even more important.

*'I am older disabled person I rely on my TV to keep me up to date with current affairs and life in general and on a low income I would struggle to pay for a licence.'*

*'My father has dementia and cannot drive or leave the house on his own. It is his window to the outside world. He watches quizzes which help keep his mind active. Without TV his quality of life would be sadly greatly reduced.'*

## Living alone, loneliness

The likelihood of living alone increases with age. Not everyone who lives alone is lonely, and not every lonely person lives alone. However, someone who is living alone is more likely to be isolated, particularly if they are older and disabled with limited mobility.

- 41% of over 75s and 49% of over 80s live alone compared to 13 per cent of all individuals.<sup>vi</sup>
- Almost 2.5 million people in the UK over 75 live alone; 57% of these are women.<sup>vii</sup>

Furthermore, for people living alone the cost of the licence will have to come from a single income. The £150.50 licence (£154.50 from April 2019) will therefore take up the best part (92%) of one week's income for an older person receiving the standard rate of Pension Credit guarantee whereas many households with 2 or more adults will often have more than one wage or other type of income coming in.

In recent years we have come to realise how prevalent loneliness is in our society, and we also know that for a sizeable minority of older people, television is seen as their main companion.

- Around a third (32%) of people aged 75+ in England say they are sometimes or often lonely.<sup>viii</sup>

### **The importance of television for older people**

Any threat to the over 75s free licence is worrying as we know that television plays a very important role in the lives of many, and a substantial minority see it as their main companion.

- A 2016 survey found that nearly two out of five (38%) of people aged 75+ in Great Britain agreed that television was their main form of company (these days).<sup>ix</sup>
- Around nine out of ten 75+ year olds watch TV every day.<sup>x</sup>
- Time spent watching TV increases with age and the profile of TV viewers is getting older.<sup>xi</sup>

Television is not just a source of company and entertainment, it also provides news and information. This is becoming more and more important to the many older people who do not use the internet given that many public and private organisations increasingly expect people to access their services and information online.

- Just over half (51%) of people aged 75+ (over 2.6 million) in the UK have never used the internet.<sup>xii</sup>

*'I am an 83 yrs old disabled lady my TV is my companion & I could never afford the TV licence don't take away my only pleasure, thank you.'*

*'I am 77 & 7 months, and a widow alone. the television is important, I get to hear and see human faces, and also watch lovely animal programmes, and its company for me.'*



## If over 75s have to pay for the TV licence in the future

Worryingly, more than a fifth (22%) of people aged 75+ say they would not be able to afford the cost of the TV licence from their income, while a similar proportion (20%) say they would have to cut back on other things such as heating, food, or socialising in order to meet the cost.<sup>xiii</sup> Age UK analysis also shows that having to pay an additional £150 for the licence would, have the effect of pushing over 50,000 pensioners in the UK into poverty.<sup>xiv</sup>

*'As a senior citizen, every single penny counts. As we get older, we need more warmth and it would be dreadful to have to choose between staying warm or possibly having to give up my TV, especially as I am on my own.'*

*'A TV licence represents a large proportion of my pension which may well force me to dispense with my TV.'*

*'I would be lost without my TV and could not afford the licence. It is my lifeline to the world as I am housebound.'*

There is also a question about how, in practice, the BBC will communicate any changes and how those with limited mobility and/or who do not use the internet or online banking will be expected to make payments. Some will have received the free licence for around 20 years and will find it difficult to understand why they must now pay and could risk follow up action for non-payment. This could be a particular issue for those with cognitive decline who may be able to manage their finances day-to-day but find taking on new financial responsibilities difficult.

We are also worried that scammers will be quick to take advantage of any change that means some, or all, 75+ households have to buy a TV licence in the future. There are already reports of TV licence scams<sup>xv</sup> and it is likely there will be new ones aimed specifically at vulnerable people aged 75+.

## **5. Proposals for a new concession**

The consultation paper sets out three main options for new concessions which the BBC suggests could be ‘appropriate and affordable’. As stated above, we believe the current concession should continue and below we set out the reasons why we reject the proposed alternatives.

### **Option 1: A 50% discount**

The first option suggested is to continue to provide an over-75s concession but at a reduced rate of 50%. While from Age UK’s perspective this is clearly better than having no concession, it still represents a considerable additional claim on an individual’s finances, and as the analysis by Frontier Economics shows, results in a higher proportion of income loss for lower income 75+ households than richer households. The poorest tenth of households would lose 1.1% of their income compared to 0.2% for the richest tenth.

We also note that halving the concession does not halve the cost. Frontier Economics estimate that in 2020-2021 it would cost 56% of the full concession – so 6% (around £24 million) would be taken up with administration and implementation – neither supporting older people nor increasing the income of the BBC.

And, as discussed above, we believe there are considerable practical difficulties in explaining the changes and collecting fees from older people who have been used to a free licence, especially for those with health issues.

### **Option 2: Raising the age threshold to 80**

The consultation paper states that raising the threshold to 80 would target those most likely to live alone and who use the BBC most, however, the Frontier Economics paper shows it would still affect lower income households to a greater extent. The poorest tenth of over-75 households would lose 0.8 per cent of income on average, compared to the richest 10 per cent who would lose 0.1 per cent of income.

A higher age would not only delay the age at which the concession starts, but would mean that more people would not live long enough to benefit at all. Of those who reach the age of 75, it is estimated that around a fifth of men (19%) and around one in eight women (13%) of women will have died before the age of 80.<sup>xvi</sup>

Disadvantaged groups are particularly likely to be affected as life expectancy varies by socio-economic factors and where people live. For example, at age 65, men living in Glasgow City, on average, can only expect to live a further 15 years whereas those in Kensington and Chelsea can expect 22 more years. For women life expectation at 65 varies from 18 years (Glasgow City) to 24 years (Camden).<sup>xvii</sup>

We also know from the reaction to rises in women's State Pension age, that people feel it is very unfair when there are steep changes to the age at which support is provided, especially if little notice is given. If the age for the concession goes up to 80, someone aged 75 could feel very hard done by when they compare their position to a friend who is 80 and who has already benefited from the concession for the last five years.

### **Option 3: Means-test through a link to Pension Credit**

The consultation paper considers a scenario where the free TV licence would only go to households where someone aged 75+ receives Pension Credit. This would remove the concession from the great majority of people aged 75+. According to the BBC's Equality Impact Assessment, just 900,000 households would receive it and 3.75 million would have to pay.

Although the consultation paper states that this option would be 'targeted at those with the lowest incomes', the analysis shows that on average the poorest tenth of over 75s would lose 2.1% of their income. This may be because, in reality, linking the free licence to Pension Credit would exclude those with the very lowest incomes – namely people who are entitled to Pension Credit but have not claimed it. The latest DWP estimates of benefit take-up indicate that two out of five people aged 75+ should be claiming but have not done so.

- In 2016-17 over 950,000 people 75+ claimed Pension Credit (single people or couples) in Great Britain.<sup>xviii</sup>
- A further 650,000 people aged 75+ were entitled to claim Pension Credit but were not receiving it. This means that around two out of five (41%) of those aged 75+ who should be getting the benefit are missing out.<sup>xix</sup>

Other people do not claim their entitlements for a range of inter-related reasons. They may not know what support is available, may feel they are not entitled to any help, may be put off by the process, or feel there is a stigma attached to asking for help.

A second major concern with linking the concession to Pension Credit entitlement is that it creates an unfair position between those who get the benefit, and others whose income is just above the threshold so do not. Take, for example, someone whose income is 20 pence a week too high to receive Pension Credit. They are £10 a year better off in terms of

annual income but, because of this extra additional income, they would lose the TV licence worth £150 in addition to other benefits currently linked to Pension Credit such as the £25 cold weather payment given in weeks when the weather is very cold. So overall they are in a worse financial position than someone receiving Pension Credit. We already hear from older people with modest amounts of private income who miss out on additional support and feel they are penalised for having saved. This situation is likely to be exacerbated if the free TV licence is linked to Pension Credit receipt.

*'Our total pension is just over the pension credit threshold so we don't get any extra help and if means tested we would miss out. .... Us old ones have paid this tax all our lives and for many this is their only form of entertainment and company. Please don't believe all the hype about pensioners being well off. This may be the case for some but for many we are just getting by.'*

*'My income is a tiny bit above receiving any help, so I pay for everything with a struggle at times. This free TV licence is a welcome help.'*

Thirdly, any system of means-testing involves added complexity. There would need to be some form of check or data sharing and regular reassessment as circumstances can change over time. This is recognised in the BBC consultation paper on age-related TV licences which describes the implementation of providing free licences only to those receiving Pension Credit as 'more complex and expensive than other options'. Furthermore, older people may not feel comfortable about sharing personal information, such as being in receipt of a means-tested benefit, with the BBC.

## **6. Conclusion**

Removing or limiting the concession would have a major impact on the lives of many of our oldest citizens, particularly the most vulnerable who are living with some combination of disability, low income and loneliness. We believe there is considerable opposition to the change from older and younger people. The Government should take back responsibility for funding this support, meeting its manifesto commitments, and helping to meet its stated policy aims to combat loneliness, tackle poverty and support independence.

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- <sup>i</sup> DWP (2018) Households below average income 1994/95-2016/17. Poverty defined as income below 60% of median household income after housing costs.
- <sup>ii</sup> As above – ‘just above the poverty line’ defined as income below 70% average median household income after housing costs.
- <sup>iii</sup> English Longitudinal Study of Ageing (ELSA), Wave 8 (2018), Age UK Analysis of LLSI variable and using ONS 2017 England, Mid-Year Estimates (Released 2018)
- <sup>iv</sup> DWP (2018) Family Resources Survey 2016/17, shows that 49% of those aged 75-79 and 61% of those aged 80+ are disabled.
- <sup>v</sup> <https://www.alzheimers.org.uk/about-us/news-and-media/facts-media>
- <sup>vi</sup> Frontier Economics (2018) Review of over-75s funding. Frontier Economics.  
<https://downloads.bbc.co.uk/mediacentre/frontier-economics-review-of-over-75s-funding.pdf>
- <sup>vii</sup> Understanding Society (USoc), Wave 8, 2018, Age UK Analysis based on ONS 2017, United Kingdom Mid-Year Estimates (Released 2018)
- <sup>viii</sup> Age UK calculation based on Wave 8 (2016-17) of the English Survey of Ageing (ELSA) data.
- <sup>ix</sup> TNS polling for Age UK, 2016.
- <sup>x</sup> ONS, Mid-Year Estimates (2017), Released June 2018
- <sup>xi</sup> Ofcom (2018), Media Nations Report, Accessed via:  
[\[https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0014/116006/media-nations-2018-uk.pdf\]](https://www.ofcom.org.uk/_data/assets/pdf_file/0014/116006/media-nations-2018-uk.pdf)
- <sup>xii</sup> ONS (2018) Internet Users 2018, (Tables:1A & 1B)
- <sup>xiii</sup> <https://www.ageuk.org.uk/latest-press/articles/2019/february/over-two-million-over-75s-would-have-to-go-without-tv-or-cut-back-on-essentials-such-as-heating-or-eating-if-free-tv-licences-are-scrapped/>
- <sup>xiv</sup> <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/>
- <sup>xv</sup> <https://www.bbc.co.uk/news/uk-46745298>
- <sup>xvi</sup>  
<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/datasets/nationallifetablesunitedkingdomreferencetables>
- <sup>xvii</sup>  
<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/datasets/lifeexpectancyatbirthandage65bylocalareasuk>
- <sup>xviii</sup> DWP (2018). Income-related benefits: estimates of take-up: financial year 2016 to 2017.
- <sup>xix</sup> DWP (2018). Income-related benefits: estimates of take-up: financial year 2016 to 2017.