

## **Response by the International Broadcasting Trust to the BBC's Public Consultation: Age-Related TV-Licence Policy**

1. The International Broadcasting Trust (IBT) is an educational charity and our main focus is on media coverage of global issues which include development, human rights and the environment. We are a membership organisation and many of the UK's international development agencies are members of IBT. We maintain a regular dialogue with broadcasters and regulators in order to promote high quality broadcast coverage of the developing world, its people and the issues which affect their lives. The views outlined in this consultation response reflect the concerns of IBT's member agencies regarding the need for investment in quality international television coverage of global affairs which is available to a wide-cross section of the public and which serves to enhance the public's understanding of the world.
2. IBT welcomes the opportunity to respond to the BBC's consultation on age-related TV licence policy. The outcome of this consultation will have important consequences for the future of the BBC, and by extension, for the representation of the global world through UK public service broadcasting. The BBC is arguably the Public Service Broadcaster (PSB) that delivers the highest quality coverage of international affairs, and programmes about the global world, for both adults and children. The possibility of further and deeper cuts to the BBC's budget puts this content at risk.
3. IBT members also recognise that people aged over-75 particularly value the BBC and consume more of its content than any other age group. Further, we are aware of the evidence that this age group is especially vulnerable to experiencing loneliness and social isolation and in these circumstances television can be an important source of companionship. We understand the pressures on household budgets, especially for the poorest pensioners, and that paying for a television licence fee would add increased pressure on already constrained budgets for some people. For others, paying for a television licence will be beyond their means altogether, closing the window television opens to the wider world.

### **Key Principles**

4. In considering IBT's response to the questions raised in this consultation, we have considered three important principles, beginning with the need to protect the unique role the BBC plays in public life. We have also considered the need to protect the quality of international broadcasting coverage, which requires the BBC to invest further in high quality international content. The potential budget cuts estimated in the consultation documents – up to £745 million to the BBC's budget, will lead to a significantly diminished BBC, providing a poorer offering to all who use BBC services. Finally, we understand that people aged over 75 value the free TV licence, and for some losing this benefit could lead to increased financial pressures, and or, further isolation.

5. **We therefore support the continuation of a free television licence for people aged over 75, but we believe the government should be responsible for financing the licence fee exemption, not the BBC.** 'Restore' is the only option that will achieve this outcome, as it reflects the BBC's role in UK society and this is the only option that protects the BBC's budget, and by extension, the quality of the BBC's output into the future.

### **The BBC's Role in Public Life**

6. The BBC occupies a unique role in UK society, funded as it is, not through subscription services or commercial advertising but through the licence fee. 92% of UK households consume BBC services on a weekly basis, and in 2017/18, between 92.5% and 93.5% of households had a correct TV licence<sup>1</sup>. Indeed, failure to pay for a TV licence can lead to prosecution and a fine of up to £1,000.00. Despite the associated sanctions for non-compliance, the vast majority of the UK public comply with the requirement to hold a TV licence, value the services provided by the BBC and accept this settlement.
7. IBT believes the decision to transfer responsibility for covering the cost of the licence fee exemption for people aged over 75 from government to the BBC was a mistake, and both parties in the negotiations - the BBC and the Treasury - share a degree of responsibility for the current situation. It was a short-sighted political manoeuvre. 13 members of the BBC's Board will now make decisions that will impact on the household budgets of almost every citizen over 75. If the concession ceases to exist, it's likely that some people aged over 75 will have difficulty affording the licence fee; if the BBC has to fund the concession as it currently stands then the wider public will be adversely affected, most notably the 92% of households who access the BBC weekly, as they will undoubtedly receive a significantly poorer service in future. The BBC has been placed in an invidious position as negative consequences are likely to flow from whichever course of action it chooses.
8. We believe central and local governments should make decisions about age and all other welfare related benefits. Elected representatives have a mandate to make these decisions, and citizens have the right to petition politicians about such policy choices, either directly through organised advocacy, and every four years through the ballot-box. There are many examples of age-related financial subsidies in public life, from free bus-passes for older people, to the Winter-Fuel Payment. We believe decisions about these subsidies should not rest with transport operators or energy providers, but with government. Free television licences should operate in exactly the same way. It's not too late for the government to take back responsibility for the licence fee concession.

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<sup>1</sup> TV Licensing (2018) 'TV Licensing Annual Review 2017/18 in English, accessed 21/01/2019, available:<https://www.tvlicensing.co.uk/ss/Satellite?blobcol=urldata&blobheadname1=content-type&blobheadvalue1=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1370006434007&ssbinary=true>

9. The BBC's role in public life could change beyond recognition in future, as various interest groups may seek to petition the BBC's Board, challenging this decision, and advocating for other groups that should, or should not be exempt from paying the licence fee - perhaps arguing that it should be extended to all people over 65, to families receiving universal credit, to students or others experiencing financial hardship. It is perfectly reasonable for individuals and groups to make these representations, but they should be targeted at government, not the BBC.

### **A Poorer Service for All**

10. The BBC is hugely valued for providing high quality broadcasting services to a wide cross-section of the UK public, who consistently rate the BBC as the most trusted and impartial source of news<sup>2</sup>. The BBC is especially important for international news coverage. In 2016, IBT commissioned independent research to monitor the coverage of international news on UK television and radio over a two-week period in January 2016. This study found that, among the UK's PSBs, three of the programmes which covered the most international content came from the BBC – The World Tonight, Newsnight and BBC's One's nightly News at Ten<sup>3</sup>.
11. IBT members are deeply concerned that the scale of the cuts required to finance the continued licence fee exemptions for people aged over 75 - estimated at up to £745m, would change the BBC as we know it. Television coverage of developing countries, international issues and global affairs has been shown to deliver significant benefits to the UK including by promoting greater awareness of other cultures, which contributes to greater racial and religious tolerance. As the UK makes important decisions about its future relationship with the European Union, and other global partnerships and political alliances, we believe investment in high quality international factual content, both news and non-news, is more important than ever. International programming can be more expensive to produce, and consequently this sort of programming - so needed at this critical moment for UK society - is likely to be put at risk, and could be reduced both in terms of the quality and quantity of this output, if the BBC is forced to make further cuts to its budget on the scale estimated in the consultation papers.
12. Public service broadcasting remains important and valued to the UK public, and the BBC is the cornerstone of this offering. However, in order to continue to play its part the BBC needs to remain of sufficient scale to compete with new media organisations like Netflix and Amazon, and even Sky. The research evidence is clear, that younger viewers are less likely to watch scheduled television, and the BBC's brand recognition among young people aged 12-15

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<sup>2</sup> BBC (2017) 'Public Perceptions of the impartiality and newsworthiness of the BBC', slides 7-9, accessed 21/01/2019, available:

[https://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/pdf/bbc\\_report\\_trust\\_and\\_impartiality\\_nov\\_2017.pdf](https://downloads.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/pdf/bbc_report_trust_and_impartiality_nov_2017.pdf)

<sup>3</sup> International Broadcasting Trust (2016), Small Screen, Big World, the International Content of UK News in January 2016, accessed 21/01/2019, available:

[http://ibt.org.uk/documents/reports/smallscreenbigworld\\_May2016.pdf](http://ibt.org.uk/documents/reports/smallscreenbigworld_May2016.pdf)

is now lower than that of YouTube and Netflix<sup>4</sup>. Further, some new providers are investing more money in original content than all of the public service broadcasters. Ofcom reports for example that in 2017 Netflix had a budget of £6.9 billion for original content, compared to a budget of £2.6 billion for UK-originated content by all PSBs combined in 2016, and a BBC budget of £1.3 billion<sup>5</sup>. Further, the BBC's real terms investment in original content declined from £1.5b to £1.3 billion between 2008 and 2016<sup>6</sup>. IBT is concerned that the scale of the cuts that would be required to finance the licence fee concession for people aged over-75 could see the BBC lose its place as the leading and most trusted public service broadcaster. This could see the BBC lose its reach and its ability to produce content that appeals to a broad cross section of the UK public, resulting in poorer services for all BBC viewers, including those over 75. Over the past ten years the BBC has made huge cuts to its budget, with a real terms cut in the BBC's budget of 18%, and £277m in savings since 2015. We cannot see how the BBC can sustain further cuts of this scale without significantly diminishing services for all.

## **Reform Options**

13. The age-related TV licence consultation paper also proposes three 'reform' options. We believe all three of these options are problematic since they would require at least some people aged over 75 to either pay for a share of the licence fee, wait until they are older to qualify for a free TV licence which would mean needing to pay for a television licence for additional years, or to lose the free television licence altogether, unless they are eligible for some qualifying benefits such as the pension credit. All of these options would also lead to cuts to the BBC's budget, the extent of which cannot be fully assessed until final decisions are made about these options.
14. There are well established problems with means testing benefits. Some people will inevitably miss out on services and benefits they need and are entitled to, either because of the stigma associated with applying for means tested benefits, or because of difficulties navigating the application process. Means testing also creates additional administrative costs, and would further complicate the role of the BBC as it takes over administrative functions and decisions that should be managed by government.
15. Discounting the cost of the television licence for people aged over 75 is also problematic since it would ease, but not resolve the financial pressure of paying for a TV licence, and it could still mean the cost of a television licence is beyond the means of some pensioners. Further, this option would still require cuts to

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<sup>4</sup> Ofcom (2018) Public Service Broadcasting in the Digital Age', p9, Ofcom.

<sup>5</sup> Ofcom (2018) Public Service Broadcasting in the Digital Age', p10, Ofcom.

<sup>6</sup> Ofcom (2018) Public Service Broadcasting in the Digital Age', p10, Ofcom.

the BBC's budget. As the consultation paper outlines, a 50% reduction in the cost of the licence fee would cost the BBC £415 million per year.

16. We consider the restore option is the best solution, and the government should finance the cost of the TV licence concession for people aged over 75.

### **Recommendations:**

17. The BBC's Board should not continue the age-related licence fee concession for over 75s. To do so risks compromising the BBC's unique role in public life, and all other options under consideration would all lead to cuts to the BBC's annual budget, at a time when the BBC should be investing in programmes and services.
18. The Comprehensive Spending Review in 2019 is an opportunity for the Treasury to return the responsibility for financing the TV licence concession for people aged over 75 to government. The BBC's board and the Treasury should work together to ensure that there is no disruption in this provision for people who qualify for a free television licence under existing rules, and that the poorest and most vulnerable pensioners are especially protected.
19. The BBC should learn lessons about the process of negotiating the licence-fee settlement with government. For example, there should have been opportunities for public dialogue and consultation *before* the BBC agreed to take on the responsibility for financing the age-related television licence concession. The BBC's board should work with the Secretary of State at the Department for Digital, Culture, Media and Sports to reform the process for making decisions about the licence-fee in order to prevent similar, short-sighted decisions in future. IBT would like to see a new process for agreeing the BBC's licence fee settlement, one that models best practice and encourages public engagement. Such decisions, with consequences for millions of ordinary citizens, should never be subject to the whim of individual politicians.

For further information, please contact:

Lorriann Robinson

**IBT Advocacy Consultant**

Email: [lorriann@theadvocacyteam.co.uk](mailto:lorriann@theadvocacyteam.co.uk)

Telephone: +44(0)7868727834