



## **BECTU response to BBC Consultation: Age Related TV Licence Policy January 2019**

BECTU is the UK's entertainment union. A sector of Prospect Union, we represent more than 40,000 members working in creative industries including broadcasting; film; the arts; entertainment, and telecommunications.

As a recognised trade union at the BBC, BECTU represents thousands of workers – negotiating on behalf of staff and freelancers working across all BBC divisions and regions.

BECTU's view on the over-75s concessionary licence fee has been consistent and clear: this concession is a welfare benefit and, as such, responsibility for its funding must revert back to the Department of Work and Pensions.

A decision on public policy should never have been delegated to an organisation that is supposed to remain independent of government, and for the government to shirk responsibility for welfare payments is an unacceptable dereliction of duty.

We are also clear about the impact on the BBC of being forced to shoulder the cost of free licences for over-75s. Against a backdrop of licence-free freezes, falling revenue, soaring costs, additional demands and the rise of competition from streaming platforms such as Netflix and Amazon Prime, the BBC has already seen unprecedented cuts to its funding. For the organisation to meet the estimated £745million per year cost of the over-75s scheme by 2021/22 will surely be impossible without seeing a significant impact on quality and risking the future of a raft of important public service programming.<sup>1</sup>

To put the finances into context, during the last charter period the BBC has delivered savings of up to £1.6billion, or £244million per year.<sup>2</sup> The Corporation is already committed to making additional savings of more than £40million by 2022. Overheads have been reduced to just six percent, with the rest of the BBC's income being spent on services for audiences. The corporation delivers good value, with a recent benchmarking report placing it in the upper quartile for industry comparators, and showing it to be a leader in value for money in the not for profit regulated sector.<sup>3</sup>

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<sup>1</sup> Frontier Economics Review of Over 75s Funding November 2018

<sup>2</sup> BBC Annual Report & Accounts 2017-2018

<sup>3</sup> Ernst Young Benchmarking the BBC's Overhead Rate July 2018



An annual cost of £745million represents 18 percent of the BBC's current total service spend. Its current annual spend on ALL radio services is just £656million.<sup>4</sup> And with an ageing population meaning more households than ever will qualify for a free licence, costs can only rise.

The BBC's consultation invites feedback on four broad "options": scrapping free licence fees for over-75s; replacing the current scheme with a 50 percent concession for all over-75 households; increasing the age threshold for eligibility to 80, and introducing means-testing eligibility for the concession. BECTU's position is that these are a flawed Hobson's Choice menu of options, which fail to address the real issues at hand.

The BBC plays in an integral role in the broadcasting industry in the UK. Its unique funding allows it to offer a distinct range of programming and to develop and nurture talent in a way that underpins and supports creative industries in the UK.

The UK's media and creative industries are world-leading, and the BBC rightly enjoys an enviable reputation at home and internationally for exceptional public service broadcasting. To be forced to shoulder the cost of maintaining the existing over-75s scheme will undoubtedly undermine the BBC's ability to fulfil its public service remit – damaging the quality of programming, potentially harming the BBC's reputation and having knock-on implications for the entire creative sector. We are especially concerned about the potential impact on employment opportunities in the UK regions.

In 2017, the UK creative industries made a record contribution of £101.5billion to the UK economy, and the role of the BBC in this cannot be underestimated<sup>5</sup>. The BBC commissions 600 hours of original drama and readings and 1,255 hours of children's programming and spends the majority of its revenue on original UK produced content. It also directly invests more than £1.2billion outside the BBC, benefiting at least 2,700 different creative suppliers.<sup>6</sup> And the skills and experience gained by those working at and with the BBC are shared right across the creative sector.

BECTU recognises the value of free TV licences for over-75s, which play an important role in boosting social integration, tackling loneliness and improving quality of life for older citizens. We also note the 2017 AGE UK study, which showed that progress in tackling pensioner poverty in the UK has stalled.<sup>7</sup>

However, the existing concession is a transfer payment that we believe must be fairly funded from a progressive tax base, rather than from an unfair regressive flat-rate charge that would see the licence payments of poorer younger households effectively subsidising wealthier older ones, risking pitting generations against each other.

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<sup>4</sup> Frontier Economics Review of Over75s Funding November 2018

<sup>5</sup> DCMS Press Release 28<sup>th</sup> November 2018

<sup>6</sup> Frontier Economics The Contribution of the BBC to the UK Creative Industries April 2015

<sup>7</sup> <https://www.ageuk.org.uk/latest-news/articles/2017/december/300000-more-pensioners-living-in-poverty/> 4<sup>th</sup> December 2017

Prior to the 2017 General Election, the Conservative Party pledged to retain free TV licences for the over-75s.<sup>8</sup> Yet since forming a government, they have assured the BBC that it will be free to take its own decision on the future of concessionary licence fees from 2020. These contradictory commitments force the BBC's hand and undermine its ability to maintain current levels of output and quality.

Further than being clear that the government must own responsibility for any licence fee concession scheme, BECTU would welcome a wider grown-up debate about future funding of the BBC. It is clear that with its current level of funding, the BBC is not in a position to fund any level of concessionary licence itself without a significant detrimental impact on services, quality of output and the health of the wider UK creative economy.

BECTU believes it is in the interests both of the British public and the media sector to adopt a fresh approach to licence fee settlements – with Parliamentary oversight of a truly transparent process that involves all stakeholders of the BBC, not just government ministers and the BBC board. Only then will licence fee payers and the BBC as an organisation have confidence that the organisation is able to deliver on its public service remit.

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<sup>8</sup> Conservative Party Manifesto Forward Together May 2017