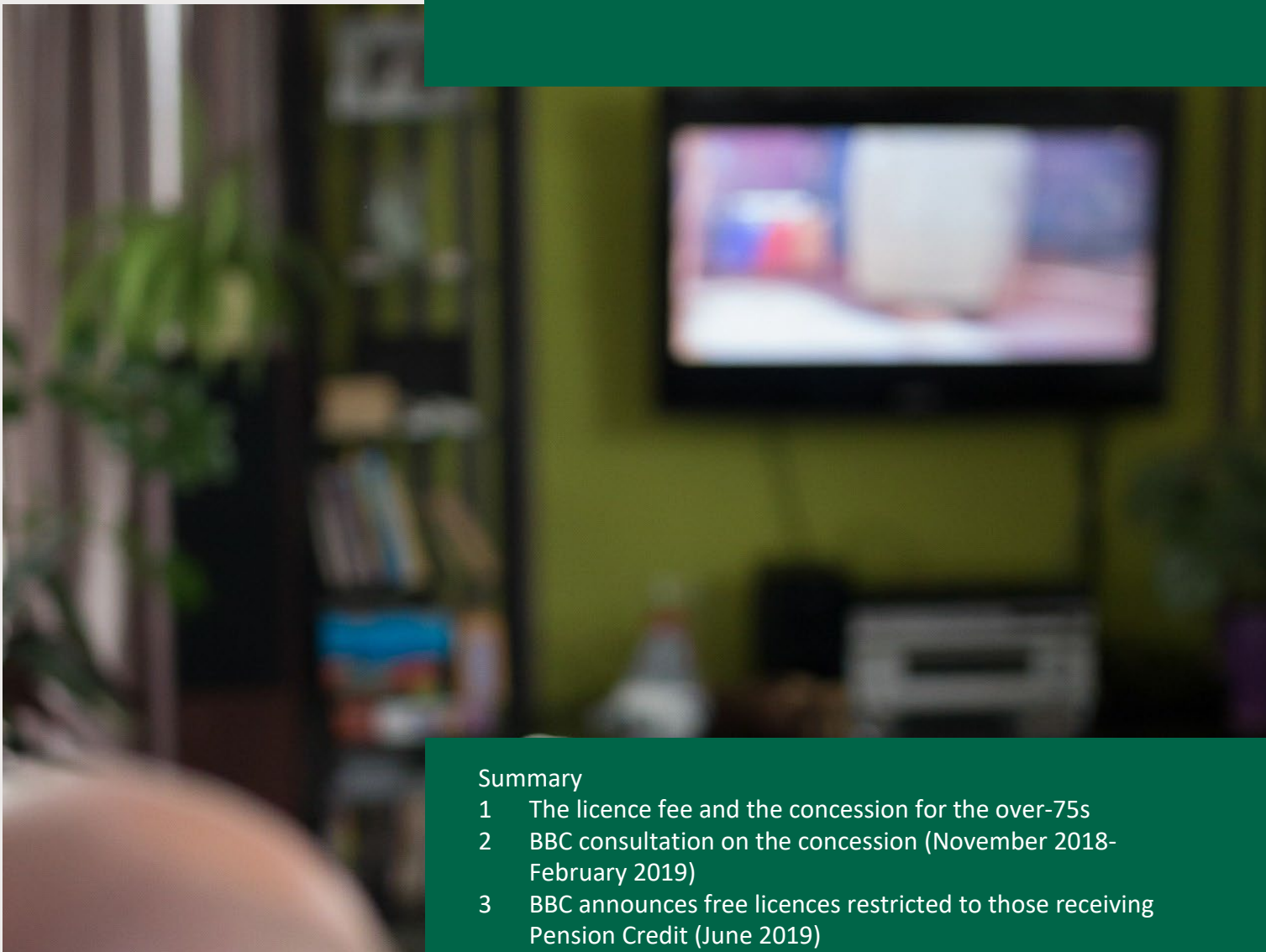


By John Woodhouse

3 May 2022

TV licences for the over-75s



Summary

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Summary

TV licences for the over-75s were free from November 2000 until the end of July 2020. The concession was received by around 4.5 million households. From 1 August 2020, free licences have only been available to people aged over-75 who are in receipt of Pension Credit.

Background to the change

The BBC is funded primarily [through the licence fee](#). In 2020/21 total licence fee income was £3.75 billion.

The level of the fee is set by Secretary of State for Digital, Culture, Media and Sport after consultation with the BBC. A key element of the licence fee settlement, [announced in July 2015](#), was that the BBC would take over funding free licences for the over-75s.

[Section 365A of the Communications Act 2003](#), as inserted by [section 89\(7\) of the Digital Economy Act 2017](#), transferred responsibility for determining whether there should be an age-related concession to the BBC. Section 89(7) came into force on 1 June 2020.

BBC consultation on the concession (November 2018-February 2019)

A [BBC consultation](#) on the future of the licence fee for the over-75s ran from 20 November 2018 to 12 February 2019. This sought views on three options:

- copying the existing scheme for the over-75s.
- restoring the universal licence fee, meaning no concession.
- reforming the scheme.

BBC announcement (June 2019)

On 10 June 2019, the [BBC announced that free licences for the over-75s would end](#) and that, from 1 June 2020, a free licence would only be available to people in receipt of Pension Credit. Implementation of the change was delayed until 1 August 2020 because of the Covid-19 pandemic.

According to the BBC, over 1.5 million households could get a free licence under the new scheme. The cost to the BBC would be £250 million a year, depending on take-up. The BBC said its decision had been guided by three principles:

- fairness - the potential impact on older age groups as well as other licence fee payers.
- financial impact - the cost of any concession to the BBC and the possible impact on programmes and services.
- feasibility - being able to implement any new concession simply and effectively.

The BBC's [decision document](#), an [Equality Impact Assessment](#), and [consultation responses](#) are available from the BBC website.

Reaction to the change

The change to licences for the elderly remains controversial. Age UK is [calling for licences to be free to all those aged over-75](#). The National Pensioners Convention is also [campaigning on the issue](#).

In December 2021, the Government [said it remained “deeply disappointed” with the BBC’s decision](#).

Broadcasting White Paper (April 2022)

The Government's [Broadcasting White Paper](#) (PDF), published on 28 April 2022, expresses concern that there is the potential for licence fee enforcement action to be taken against elderly vulnerable people. The White Paper confirms that the licence fee model for the BBC will be reviewed ahead of the next Charter period (the current BBC Royal Charter runs to 31 December 2027).

According to a [PQ response of 24 January 2022](#), the BBC had not taken any enforcement action against over-75s for TV licence evasion at that time.

1 The licence fee and the concession for the over-75s

Under its [Royal Charter](#), the BBC's object is to fulfil its mission and [promote the public purposes](#).¹ Its mission "is to act in the public interest, serving all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain".²

The BBC is funded primarily through the licence fee.³ This is intended to safeguard its independence from the Government and the market.⁴

In 2020/21 total licence fee income was £3.75 billion.⁵

The legal basis for the licence fee

A television licence is required, even if a viewer does not watch BBC programmes. Under [Part 4 of the Communications Act 2003](#) (as amended), a licence is needed to:

- watch or record programmes as they're being shown on TV, on any channel.
- watch or stream programmes live on an online TV service (such as ITV Hub, All 4, YouTube, Amazon Prime Video, Now TV, Sky Go, etc.).
- download or watch any BBC programmes on iPlayer.⁶

A colour licence costs £159 a year.

The 2003 Act is supported by the Communications (Television Licensing) Regulations 2004 (SI 2004/692) (as amended).⁷ The Regulations set out the

¹ [Cm 9365](#) (PDF) December 2016, Article 4. The Charter began on 1 January 2017 and runs to 31 December 2027. An [Agreement](#) (PDF) (Cm 9366) sits alongside the Charter

² Cm 9365, Article 5

³ The licence fee model is discussed in: House of Lords Committee on Communications, [Public service broadcasting: as vital as ever](#) (PDF), HL Paper 16, November 2019, paras 184-204; Digital, Culture, Media and Sport Committee, [The future of public service broadcasting](#) (PDF), HC 156, March 2021, para 65 and Annex

⁴ As noted in: House of Lords Committee on Communications, [Public service broadcasting: as vital as ever](#), para 184

⁵ BBC Group, [Annual Report and Accounts 2019/20](#) (PDF), July 2021, p43

⁶ This applies to any provider and any device used, including a TV, desktop computer, laptop, mobile phone, tablet, games console, digital box or DVD/VHS recorder. See: TV Licensing website, ["Do I need a TV licence?"](#) (accessed 3 May 2022)

⁷ Made under [section 365 of the 2003 Act](#)

various types of television licence, the criteria for obtaining them, the fees payable, and the different concessions available.

The concession for the over-75s

Free TV licences for the over-75s were introduced in November 2000.⁸ The cost was met by a grant from the Department for Work and Pensions to the BBC. According to a November 2018 Frontier Economics report, around 4.55 million households received the concession. Take-up was almost universal.⁹ In 2017/18, the cost of the concession was around £660 million. It was expected to cost £745 million in 2021/22.¹⁰

The July 2015 funding settlement and the over-75 concession

A key element of the BBC's licence fee settlement, [announced in July 2015](#), was that the BBC would take over funding free licences for the over-75s.¹¹ The BBC was fully funding the concession from April 2020.

[Section 365A of the Communications Act 2003](#), as inserted by [section 89\(7\) of the Digital Economy Act 2017](#), transferred responsibility for determining whether there should be an age-related concession to the BBC. Section 89(7) came into force on 1 June 2020.

⁸ For background, see Library research paper, [Concessionary television licences](#) (PDF), RP 00/82, 26 October 2000, pp20-5

⁹ Frontier Economics, [Review of over-75s funding: a report prepared for the BBC](#) (PDF), November 2018, p12

¹⁰ [BBC launches consultation on TV licences for older people](#), BBC news release [online], 20 November 2018 (accessed 3 May 2022)

¹¹ [HC Deb 6 July 2015 c25](#); For background to the deal, see section 4 of the Library Paper, [BBC Charter renewal](#) (PDF), 28 December 2016

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BBC consultation on the concession (November 2018-February 2019)

A [BBC consultation](#) on the future of the concession for the over-75s ran from 20 November 2018 to 12 February 2019. A [BBC news release summarised three options](#):

- The BBC could copy the [current] scheme, but that could cost around a fifth of our budget - the equivalent to what we spend today on all of BBC Two, BBC Three, BBC Four, the BBC News Channel, CBBC and CBeebies. That would mean over 75s would not have to pay, as at present, but we think it would fundamentally change the BBC because of the scale of service cuts we would need to make.
- Another option would be to restore the universal licence fee that existed in the past, meaning no concession. This would mean the BBC would not have to make significant cuts to BBC services, but would have an impact on those over 75s, particularly poorer pensioners, who currently do not pay.
- Or the BBC could take neither of those choices and reform the scheme. There are different ways of doing this, including:
 - Discounting the cost of a licence fee for older people. This would reduce the impact of cuts to BBC services, but would mean everyone over 75 would pay something, for example 50%.
 - Raising the age from 75 to 80, which would reduce the financial impact on the BBC but keep free licences for the oldest households.
 - Introducing means-testing - so that older people in greater financial need wouldn't pay, but those who could afford it would. This would also reduce the impact on BBC services, while protecting the most vulnerable.¹²

The BBC said its decision would be made “taking into account all relevant considerations, including the implications of the decision: for the BBC in delivering its public service mission; for our audiences; for the older members of our society”.¹³

¹² [BBC launches consultation on TV licences for older people](#), BBC news release [online], 20 November 2018 (accessed 3 May 2022)

¹³ Ibid

Frontier Economics research

When the consultation was launched, the BBC published two reports commissioned from Frontier Economics. A November 2018 report looked at the longer-term funding options relating to the concession.¹⁴

An October 2018 report examined the changing financial context since free licences were introduced. The report noted the “marked improvement” in the absolute and relative living standards of older households and that this should “give cause for reflection” on what concessionary licences might look like in future:

(...) Much has changed since the over-75s concession was introduced in 2000 – not least the financial crisis of 2008 and government policy responses aimed at reducing the budget deficit. A growing part of the debate around these responses has been on intergenerational fairness, the changing economic opportunities and circumstances of older and younger people and how they have been affected by policy changes.

Over the last two decades, older households have seen a marked improvement in their absolute and relative living standards. In 1999/2000, approaching half (46%) of households with someone aged 75 or more were amongst the poorest in terms of incomes. By 2016/17, that proportion had fallen to fewer than one in three (32%). This has come about because incomes of over-75 households have grown much more rapidly than average. Incomes, wealth and life expectancy of older people have improved significantly, pensioner poverty rates have fallen, and older households report higher well-being on a range of metrics...¹⁵

Comment

The BBC’s consultation raised concerns about the future of the concession for the over-75s. The Age UK charity started a campaign to “save free TV for older people”.

The 2017 Conservative Manifesto included a commitment to maintain free licences for the elderly “for the duration of this parliament”.¹⁶ On 1 May 2019, Jim Cunningham asked Theresa May whether she stood by this. The then Prime Minister said she stood by the commitment and there was “no reason why the BBC” could not continue with the concession.¹⁷

¹⁴ Frontier Economics, [Review of over-75s funding: a report prepared for the BBC](#) (PDF), November 2018

¹⁵ Frontier Economics, [Concessionary TV licences and the landscape of intergenerational fairness](#) (PDF), October 2018, pp4-5

¹⁶ [Conservative Party Manifesto 2017](#) (PDF), p66

¹⁷ [HC Deb 1 May 2019 c203](#)

However, Greg Dyke, former BBC Director-General, argued there was no justification for the over-75s concession because the poorest people were not necessarily the oldest.¹⁸

¹⁸ [Former BBC director general brands free licence fee for over 75s 'ridiculous'](#), Telegraph [online] 12 February 2019 (accessed 3 May 2022)

3 BBC announces free licences restricted to those receiving Pension Credit (June 2019)

On 10 June 2019, the BBC [announced that free licences for all those aged over-75 would end](#) and that, from 1 June 2020, a free licence would only be available to a household with someone aged over-75 who received Pension Credit. Implementation of the change was later put back to 1 August 2020 because of the Covid-19 pandemic.¹⁹

According to the BBC, over 1.5 million households could get a free licence under the new scheme. The cost would be £250 million a year, depending on take-up. The BBC said its decision had been guided by three principles:

- fairness - the potential impact on older age groups and the potential impact on all licence fee payers, across all generations.
- financial impact - the cost of any concession to the BBC, and the possible effect this might have on programmes and services.
- feasibility - being able to implement any new concession simply and effectively.²⁰

The BBC's [decision document](#) (PDF) gave further detail. An [Equality Impact Assessment](#) (PDF) was published, as were some of the consultation responses.²¹

Sir David Clementi, the then BBC Chairman, said that linking a free licence to Pension Credit was the “leading reform option” because it protected the poorest over-75s, while protecting BBC services:

(...) Copying the current scheme was ultimately untenable. It would have cost £745 million a year by 2021/22 - and risen to over one billion by the end of the next decade. £745 million a year is equivalent to around a fifth of the BBC's spending on services. The scale of the current concession and its quickly rising cost would have meant profoundly damaging closures of major services that we know audiences - and older audiences in particular - love, use, and value every day.

¹⁹ [“Government and BBC's joint statement on delaying the TV licence fee for over 75s”](#), DCMS news story [online], 16 March 2020 (accessed 3 May 2022)

²⁰ BBC website, [BBC Board decision on licence fees for older people](#) (accessed 3 May 2022)

²¹ Consultation responses are available from BBC website, [BBC Board decision on licence fees for older people](#) (accessed 3 May 2022)

Many stakeholder responses to our consultation questioned the BBC's ability to fund such a concession and continue to offer high quality services. Indeed, a significant number thought the Government should continue to fund it - an option not open to the BBC. The Government could of course choose to step in and close the gap from their own resources.

Linking a free licence for over 75s to Pension Credit was the leading reform option. It protects the poorest over 75s, while protecting the services that they, and all audiences, love. It is the fairest and best outcome.²²

The BBC's consultation also found many stakeholders were concerned about the lack of transparency in reaching the 2015 funding settlement.²³

Reaction to the BBC's decision

Responses to the BBC's decision varied. The [National Pensioners Convention](#) said the BBC had "done the government's dirty work for it".²⁴ An [Age UK petition](#) demanding that the Government take back responsibility for funding free licences received over 634,000 signatures.

However, the [Intergenerational Foundation](#) said there was "simply no reason why retired judges, lawyers, bankers and doctors should receive a free TV licence when younger generations are struggling financially".²⁵

Political reaction

On 11 June 2019, Tom Watson, the then Shadow Secretary of State, tabled an [Urgent Question](#) on the BBC's decision. In response, Jeremy Wright, the then Secretary of State, referred to the 2015 funding settlement, noted the BBC was operationally independent of Government, but said he was "very disappointed" that the concession was ending.²⁶ Mr Watson pointed out that the 2017 Conservative Manifesto included a commitment to maintain free TV licences "for the duration of this parliament". He said older people had been "betrayed".²⁷ Mr Wright responded that it wasn't "quite as simple as that" and that the Digital Economy Act had transferred responsibility for the concession to the BBC.²⁸

In August 2019, Boris Johnson said the BBC "received a settlement that was conditional upon their paying for TV licences for the over-75s. They should

²² [BBC puts fairness and supporting those most in need at the heart of decision on over 75s licence fees](#), BBC news release [online], 10 June 2019 (accessed 3 May 2022)

²³ Ibid

²⁴ Quoted in [TV licences: Up to 3.7 million over-75s to pay licence fee](#), BBC News [online], 10 June 2019 (accessed 3 May 2022)

²⁵ Ibid

²⁶ [HC Deb 11 June 2019 c549](#)

²⁷ [HC Deb 11 June 2019 cc549-50](#)

²⁸ [HC Deb 11 June 2019 c550](#)

cough up.”²⁹ In response, a BBC spokesperson said the Government had decided to stop funding free licences for the over-75s, that Parliament had given responsibility to the BBC to make a decision on the scheme, and there had been no guarantee that the BBC would continue to fund it.³⁰

²⁹ [TV licence: Boris Johnson says BBC must 'cough up' for over-75s](#), BBC News [online], 26 August 2019 (accessed 3 May 2022)

³⁰ *Ibid*

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Change to the concession comes into effect (August 2020)

On 9 July 2020, the BBC [confirmed the change in eligibility for a free licence would come into effect from 1 August 2020](#). David Clementi, then BBC Chairman, said any further delay to commencing the scheme would impact on programmes and services.³¹

In the Commons on 21 July 2020, John Whittingdale, then Minister of State at the DCMS, said it was essential that the BBC was not “heavy-handed” in implementing the change and noted that “older people across the country still face many challenges and still rely on their TV as much as they did a few weeks ago”.³²

TV Licensing information

The TV Licensing website has a section on [licences for the over-75s](#). This includes information on how to apply for a licence, if one is needed, as well as on Pension Credit.

Ongoing concern

The change to the concession remains controversial. [Parliamentary questions](#) have been tabled on its impact on the mental health of older people.³³ Other PQs have asked about the conduct of Capita in enforcing payment of the licence from the elderly.³⁴

Age UK is [campaigning for licences to be free to for all the over-75s](#)³⁵ as is the National Pensioners Convention.³⁶

³¹ [New Covid-safe TV Licence scheme for over 75s confirmed to start on 1 August](#), BBC News [online], 9 July 2020 (accessed 3 May 2022)

³² [HC Deb 9 July 2020 cc1999-2000](#)

³³ See, for example, [PQ 162603](#) (answered 10 March 2021)

³⁴ See, for example, [PQ 114790](#) (answered 4 February 2022)

³⁵ Age UK website: [Campaign to save the free TV licence for older people](#) (accessed 3 May 2022)

³⁶ See the material on the [National Pensioners Convention website](#) (accessed 3 May 2022)

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Digital, Culture, Media and Sport Committee report (October 2019)

In an October 2019 report, the Digital, Culture, Media and Sport Committee looked at the July 2015 funding settlement and the decision to pass responsibility for the over-75 concession to the BBC. The Committee concluded there was a lack of transparency and “flawed process on all sides”.³⁷

The responses of the Government and the BBC were [published by the Committee in March 2020](#). In its response, the DCMS said it “recognised the importance of greater transparency in the licence fee-setting process, and that scrutiny of the BBC’s finances should be carried out in an open and accountable way”.³⁸ The BBC agreed the process in 2015 was flawed:

...While in terms of the agreement itself, we are satisfied that it was properly discussed within the BBC and properly authorised, we agree with the Committee that there must be a different way of doing things in the future and share the Committee’s view on the importance of transparency. We would welcome a more transparent process that involves both Licence Fee payers and Parliament.³⁹

According to the Committee, the BBC had met its obligations under the 2017 Act. It said funding free licences for the over-75s was not a “sustainable proposition” for the BBC alone and recommended the Government “should set out proposals for how it can support this measure in the future, alongside the commitment that has been made by the BBC”.⁴⁰

The DCMS said it was “disappointed” with the BBC’s decision, that it recognised the value of free TV licences for the over-75s and believed they should be funded by the BBC.⁴¹

³⁷ Digital, Culture, Media and Sport Committee, [BBC Annual Report and Accounts 2018–19: TV licences for over 75s](#) (PDF), HC 2432 2017-19, 11 October 2019, p20

³⁸ [BBC Annual Report and Accounts 2018–19: TV licences for over 75s - Government and the BBC’s Responses to the Committee’s Sixteenth Report of Session](#), paras 4 and 5, footnotes removed

³⁹ [BBC Annual Report and Accounts 2018–19: TV licences for over 75s - Government and the BBC’s Responses to the Committee’s Sixteenth Report of Session](#)

⁴⁰ Digital, Culture, Media and Sport Committee, [BBC Annual Report and Accounts 2018–19: TV licences for over 75s](#), p21

⁴¹ [BBC Annual Report and Accounts 2018–19: TV licences for over 75s - Government and the BBC’s Responses to the Committee’s Sixteenth Report of Session](#), paras 6 and 7

6 Broadcasting White Paper (April 2022)

The DCMS published a [Broadcasting White Paper](#) (PDF) on 28 April 2022. This considers, among other things, BBC funding and notes the potential for licence fee enforcement action to be taken against vulnerable elderly people. The White Paper confirms that the licence fee model for the BBC will be reviewed ahead of the next Charter period (the current BBC Royal Charter runs to 31 December 2027).⁴²

According to a [PQ response of 24 January 2022](#), the BBC had not taken any enforcement action against over-75s for TV licence evasion at that time.⁴³

⁴² Ibid, p17

⁴³ [PQ 107594](#), answered 24 January 2022

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