



NUJ submission to the DCMS Committee's call for evidence on changes proposed by the BBC to its TV licence fee for those over 75.

July 2019

Summary

The BBC should never have accepted the deal foisted on it by the Treasury which would have cost it £1bn by the end of the charter period. Its decision to pay for the licences of those on pensioner credit will cost £250m a year (and counting) will have a huge effect on its ability to produce quality programming and current affairs in a highly-competitive market. As it stands many pensioners will lose out and must decide if they can afford the licence fee, with TV being one of the few ways they can offset loneliness. The government must make good its manifesto commitment to honour the benefit for the duration of this parliament and the next government must take the benefit back where it belongs – the Department of Work and Pensions. The decision-making on the next licence fee round must be fully transparent and independent of the government.

1. The deal foisted on the BBC by the Treasury should never have been accepted by Lord Hall. It wasn't the first time it had been proposed and last time it was roundly rejected by the then director general, Mark Thomson. How could a public broadcaster become responsible for social policy?
2. But Lord Hall agreed the deal. In return for closing the loophole on the iPlayer and a guarantee of inflation-related increases to the licence fee, the BBC would take on a welfare benefit from the Department for Work and Pensions (DWP) which would have cost the corporation £1bn by the end of the charter period.
3. The BBC had the invidious task of deciding whether to pay the full cost or decide which groups of over-75s will lose the benefit. By 2020 it would have cost £745m – a fifth of the BBC's current budget by 2021/22. That is more than its current spending on all radio services, or about the same as on the bulk of its channels except BBC One, or on all its TV sport, drama, entertainment and comedy. This was clearly untenable.
4. Following the public consultation, the BBC board said it would continue to pay for the TV licences of pensioners who received pensioner credit. This means up to 3.7m pensioners aged over 75 who previously received a free TV licence will now have to

pay for it and it will cost the BBC an extra £250m every year. In its press release making the announcement of its decision (June 19, 2019), the BBC said: “The funding available today for the BBC’s UK public services is already 24 per cent lower than if the licence fee had gone up with inflation from 2010... While the decision protects services from damaging closures, the BBC board is clear that diverting £250m a year of the BBC’s spend on programmes and services risks weakening the delivery of the BBC’s mission and purposes – particularly in a much more competitive global market.”

5. The BBC said about 1.5 million households could now be eligible for the free licences, however the charity Age UK says more than 40 per cent of those eligible for pensioner credit do not receive it “because they don't know they are eligible, find the claiming process too complicated or intrusive, or feel embarrassed about needing help”.
6. It must also be noted that the Conservative Party manifesto said: “We will maintain all... pensioner benefits, including free bus passes, eye tests, prescriptions and TV licences, for the duration of this parliament.”

The NUJ’s response to the decision

7. Michelle Stanistreet, NUJ general secretary, said: “Dumping the BBC with the responsibility for a welfare benefit was a wrongheaded act of sabotage by a government that cared little about the impact on our public service broadcaster. The NUJ and many other groups argued that this consultation was a window of opportunity for the BBC to take a step back and refuse to facilitate a divisive policy that would wreak significant financial harm on the corporation. The burden of sustaining free licence fees for all over-75s would have propelled the BBC into catastrophic cuts and led to the closure of significant services. However, tweaking the eligibility criteria still leaves the BBC in the unpalatable position of choosing which pensioners are entitled to a free licence, at the same time as costing the corporation a massive £250m every single year. The last two licence fee settlements have been carried out with no transparency, no independent scrutiny and no consideration for the future of public service broadcasting in the UK. That cannot be allowed to happen again. Journalists and programme makers have borne the brunt of cuts at the BBC for many years and have simply had enough of the BBC being victim of political grandstanding. It is time for a radically different approach to running and preserving our public service broadcaster. The only answer is for the government to take back responsibility for paying this benefit.”
8. The £250m a year cost of the benefit to the BBC must also be seen within the context of year-on-year cuts to the corporation. The licence fee pot has been seen an easy touch for cash grabs by the government. Passing on its responsibilities to the BBC in licence-fee settlements in the past decade has seen budgets cut by one-fifth. This has included making the BBC cover the costs of digital switchover from analogue TV; rural broadband rollout; local TV; funding of Welsh-language channel S4C, paying

for the World Service and Monitoring Service; financing journalists employed by local newspapers to cover local democracy, funding commercial broadcasters to make children's TV and radio.

9. The BBC has only been able to meet these additional responsibilities by cutting costs and, despite promises of an end to salami-slicing, that inevitably affects quality programming and journalism. BBC staff have been told further swathes of cuts will be needed in the next 12 months if the books are to be balanced. Lord Birt, a former BBC director general, said during the BBC charter debate in the House of Lords (12 October 2016), that the cost of the two raids on the licence fee in the past decade had taken "almost exactly 25 per cent out of the real resources available to the BBC for its core services".
10. The NUJ warned that, in passing the buck on free TV licences for the over-75s, the government was setting up Auntie as an axe-wielding bogeyman responsible for taking away or means-testing a welfare benefit – and this is exactly what has happened. This is the Daily Mail's headline: "BBC 'will turn pensioners into criminals' and hit the poorest hardest say critics as it scraps blanket free TV licences for all over-75s" on the day of the BBC board's announcement.
11. Today, more than ever, we need a well-resourced BBC to provide us with impartial and accurate news and current affairs. In an age when the proliferation of social media has led to distrust of the veracity of information and news, it is heartening to see that the BBC leads the way – Ofcom's recent research found 79 per cent of people rate the BBC's news highly, with 73 per cent rating the BBC as trustworthy. That is why the BBC's resources need to be protected – not attacked.
12. The NUJ campaigned with pensioner groups in the run-up to the consultation. Age UK's research shows television is the main form of company for two in five (38 per cent) people aged 75-plus and nine in 10 in this age group watch TV every day. It is particularly important for many of the 2 million over-75s who live alone – many of whom may struggle to bear the additional cost of a TV licence on a single income – and the 1.5 million over-75s who are sometimes or often lonely. In a joint letter with the charity and the National Pensioners Convention, we told the BBC's leadership it must be brave: "It needs to forget about making the best out of implementing the deal done in 2015. It must say that ending free licences for the over-75s are wrong-headed and divisive, acknowledge that funding this welfare benefit would trigger an end to our public service broadcaster as we know it, and say it must now be down to government to take back responsibility for this benefit." Age UK's online petition calling on the government to take back responsibility for funding over-75s' licences from the BBC has attracted over 600,000 signatures by July 5.
13. The NUJ is also concerned about the knock-on effect the cuts and its new commitment on the over-75s licences will have on the BBC's other services and responsibilities. Currently the government provides 8 per cent of the Welsh-language channel's budget, but from 2023 the broadcaster will be dependent on the

licence fee settlement. The BBC has an important public service remit to serve all communities in the UK and S4C plays a very important role in the cultural and media landscape in Wales. A cash-strapped BBC will inevitably have consequences for the future funding of S4C.

14. The NUJ believes there needs to be greater transparency and accountability over the terms of the licence agreement, which in recent years has been characterised by behind-closed-doors deals which have not been in the interest of the licence-fee payer or the BBC's workforce. An independent process, open to consultation with all stakeholders should be put in place before the next charter renewal. Lord Hall said: "The last two settlements have been made in the dark and without proper consultation. It is vital that future decisions are evidence-based and made after proper consultation and scrutiny." He cited an idea from the Voice of the Listener and Viewer, which promotes the interests of consumers, that a statutory commission independent of government be established to set the level of the licence fee in the future. "It is vital that the BBC and our audiences never again face a government-imposed process with no consultation and public debate. It is vital politicians ensure that future licence-fee decisions are evidence-based and made after proper consultation," he said.

Why the BBC licence fee is worth every penny and its resources must be protected

- The BBC licence fee costs about 41p a day, for four TV channels, 10 national radio stations, a network of local radio stations, an internationally-acclaimed website, BBC Parliament, the World Service, S4C, BBC Monitoring and five orchestras and choirs. The top packages from Sky, Virgin Media and TalkTalk cost more than £1,000 a year.
- 91% of the UK adult population use BBC services at least once a week.
- The BBC's weekly global reach has increased to 426 million adults – a 13% increase. Blue Planet 2 has reached three quarters of a billion people.
- The BBC is not just one of the most trusted broadcasters in the world; it is a hugely important cultural institution in the UK. It is through shared memories of Monty Python, Life on Earth, Blue Peter, The Young Ones, Civilisation, Strictly Come Dancing, The Archers, Victor Meldrew, Call the Midwife, Ab Fab, Top of the Pops and Bogus that we connect with others.
- It is free from shareholder pressure, advertiser influence and the chase for ratings.
- The corporation is the largest single investor in TV news production; it spends approximately £680m a year on its radio services, with approximately £120m on radio news, across the UK. The commercial sector contributes only about £27m to radio news.
- It is the most important commissioner of new content in the UK, devoting about £1bn a year on non-news commissions and 76 per cent of its licence-fee income goes on TV content. This is more than any other broadcaster

- Local radio can be literally a lifeline in times of danger, ask the people of Cumbria who relied on it during the 2015 floods.
- The licence fee is the single biggest investment in the arts in this country, injecting more than £2bn into the creative industries.
- It is the biggest commissioner of new music in the world.
- It has been a year of awards. The BBC won 184 major awards in total, including five Golden Globes and 16 Baftas for shows like Bodyguard and Killing Eve.
- According to the Children’s Media Foundation, the BBC is “the only player in town for commissioning content for kids”. CBeebies was named Channel of the Year at the RTS Awards and the BBC reaches eight out of ten children each week.
- The broadcaster is Europe’s biggest provider of media and creative skills training.

BBC annual report: <https://www.bbc.com/aboutthebbc/reports/annualreport>