



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

21st August 1984

Dear Norman,

Before his departure on leave, Leon Brittan discussed with me the 5p concessionary TV licence scheme, which is attracting growing criticism. We have concluded that some sort of look at the situation is necessary, and the purpose of this letter is to let you know what we have in mind, and seek, where necessary, the help of your officials.

The scheme was introduced in 1969 for certain residents in old people's homes as a piece of administrative "tidying-up", but over the years has expanded until it is now seen as a significant concession which benefits over half a million people. Indeed so valuable is the concession that some local authorities are reorganising sheltered housing schemes in order to attract it. The concessionary licences are now available to old people in residential homes and in sheltered housing where a recognised communal facility exists. The only certain common factor has been that the beneficiaries are all of pensionable age, but we have recently extended the concession to the disabled in analogous accommodation. The total cost of the concession is about £15m per annum.

The Annan Committee recommended in 1977 that this form of concessionary licence should be phased out, but the recommendation was never taken up. We for our part have made it clear that we do not favour any more general or radical concessions, let alone free or concessionary licences for all pensioners as the Opposition demand. But this leaves us with the existing system which is generally recognised as anomalous, and the gap between the 5p concessionary licence and the full colour fee of £46 has become progressively more difficult to defend. We receive a heavy volume of criticism of the scheme, linked with unacceptable suggestions for extending it in one direction or another.

We therefore think the time has come to have an independent review of the position. Because of the administrative complexity of the subject, we think that the review should be carried out by a retired and senior civil servant, possibly with a DHSS background, and officials are in touch about this. There is no question of any subvention from public funds, or of any hidden subsidy through higher licence fees for those who do not benefit from a concession. We hope that the review could explore whether the existing £15m could be distributed in any fairer and more defensible manner. We recognise that this may be impossible, but there is advantage in showing that we have taken the trouble to review it; and if the review does not find a solution, this should strengthen our hand in considering the unattractive alternatives of phasing the concessions out or retaining the present scheme with all the anomalies and resentments which it breeds.

/We envisage the

The Rt. Hon. Norman Fowler M.P.

We envisage the reviewer proceeding by having access to official papers as required, with an official in each of the relevant Departments being assigned the duty of providing liaison for him. While the reviewer may in practical terms proceed by chairing an inter-departmental group, we would not wish to stress this aspect of it less this implied that the group was to take the decision. Outside bodies would be invited to put forward their views. We envisage that the reviewer might also take into account the existing small and quite anomalous concession of a rebate of £1.25p on each TV licence issued to blind persons. The Home Office will provide a secretary for the review.

Against this background, the review might have the following terms of reference:

To examine the operation of the statutory provisions in relation to concessionary television licences; to consider whether changes should be made, without further loss of total licence fee revenue or any resultant increase in the normal licence fee, which would result in the concessions being made equitably distributed; and to make recommendations.

We would announce the creation of the review and its scope, and would invite outside contributions to it through a low-key announcement during the Recess.

I hope that the approach I have outlined is acceptable to you, and I should be glad if you and the action copy addressees of this letter could let us have the name of the official who would provide liaison for the review. I am sending copies of this letter to Jim Prior, George Younger, Nicholas Edwards, Patrick Jenkin, and Sir Robin Ibbs, who I hope can nominate a member of the Efficiency Unit. I am also sending a copy for information to all other Members of H Committee and to Sir Robert Armstrong.

Younger,

Douglas Hurd.

(DOUGLAS HURD)