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DEPARTMENT OF HEALTH AND SOCIAL SECURITY
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From the Minister of State for Social Security and the Disabled

The Rt Hon Douglas Hurd CBE MP
Secretary of State for the Home Department
Home Office
50 Queen Anne's Gate
SW1H 9AT

Prime Minister²

DH

14/1

12 January 1987

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Dear Douglas,

TELEVISION LICENCE FEE

attap

I have seen a copy of your minute of 11 December to the Prime Minister which sought views on your proposed statement in response to the Peacock Committee's recommendation to be made during the Second Reading debate on David Winnick's Private Member's Bill on 16 January.

I certainly agree that the Second Reading of this Bill should be opposed, although it will be important to avoid appearing anti-pensioner. Prolongation of the Bill's life will encourage demands for other types of concession for pensioners and might put pressure on our general line that concessions distort the spending choices of social security beneficiaries. Our policy has always been to provide retirement pensions and other cash benefits without placing any restrictions on the ways in which they might be spent by the recipients. It is not for the Government to determine how pensioners use the resources made available for their support by siphoning some into exemption from licence fees which many can afford and others do not want.

I am broadly content at the proposal for the future indexation of the TV licence by the RPI. However, there are two presentational points I should make:-

1. The proposed increase of about £4 in the fee in April 1988, followed by indexation over the benefit uprating period thereafter, will mean a 6.9% increase at that point. This is higher than any likely RPI-based increase in pensions in April 1988.
2. The introduction of the new income support and housing benefit schemes at the same time will adversely affect the incomes of some poorer pensioners, who would have been protected by the Peacock Committee's recommendations.

Both these points mean that some caution should be exercised in statements about the effect of the 1988 fee level on pensioners. Taking the increase from a notional licence fee of £60 in 1987 will be a difficult concept to get across.

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I am also content that no change should be made at present in the concessionary 5p fee for residential homes. I am copying this minute to the Prime Minister and to those to whom your minute was sent.

*Yours Ever,
John*

JOHN MAJOR

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