



PRIME MINISTER

CONCESSIONARY TELEVISION LICENCES

At the meeting of H this morning, the Committee had to consider the very difficult problem which had been brought about by the decision by the courts, in the case brought by Kirklees Council, about the operation of the concessionary television licence scheme. This is clearly a matter of potential political sensitivity, and you may wish to know the outcome of the discussion.

2. Under the scheme as it currently operates, a colour television licence is available for 5p to old-age pensioners, disabled and mentally disordered people who live in residential homes or in sheltered housing run by local authorities or housing associations. The operation of the scheme is governed by regulations made under the Wireless Telegraphy Act 1949. In the light of the decision in the Kirklees case, it is clear that local authorities could readily bring within the scope of the scheme all old-age pensioners living in council housing in their areas.

3. MISC 128 decided in October 1986 (MISC 128(86) 1st Meeting) that, while the present scheme was unsatisfactory, any attempt to reform it would be bedevilled by problems of definition and costs and that the scheme should therefore be left unchanged. The Home Secretary announced this in January 1987. However, the Kirklees judgment could quadruple the number of people who qualify for a concessionary television licence at a cost to the BBC of some £100 million in lost revenue. A number of local authorities have lodged applications with the Home Office for an extension of the scheme to old-age pensioners resident in their council houses, and H were of the clear view that the present situation could not be allowed to continue.

4. The Home Secretary put forward four options for dealing with the situation:

- (a) abolition;
- (b) defining more tightly the accommodation whose occupants should qualify for a concessionary licence;

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- (c) replacing the present scheme by an alternative one targetted at those in financial need or suffering mental or physical handicap (which would probably allow for only a £10 concession); or
- (d) extending the scope of the present scheme to a wider range of accommodation (which would probably allow for a £30 concession).

5. H agreed that abolition, while in many ways the most logical approach, would be very unattractive politically. They were not attracted to a new scheme based on need (which would require primary legislation) because this would create a new poverty trap and would increase the pressure for concessions in other areas, for example standing charges for gas, electricity and telephones. Of the remaining two options, the Committee on balance thought it would be best to amend the regulations to tighten the definition of accommodation whose occupants would benefit from the scheme, possibly with some increase in the current concessionary fee of 5p. This might, perhaps, be accompanied by an arrangement to preserve the concessionary licence for existing beneficiaries (although I understand that this would require fresh primary legislation).

6. H Committee accepted the Home Secretary's view that the introduction of pay-as-you-go for the licence fee could help to offset any political damage which might be caused by a retrenchment in the concessionary scheme.

7. H agreed that, before they took final decisions on either the future of the concessionary licence scheme or on pay-as-you-go, the Home Secretary, together with the Chief Secretary and the Social Services Secretary, should be asked to work up the details. The Committee will therefore need to return to this subject in a few weeks' time.



JW

9 March 1988