

CONFIDENTIAL

CCB
✓



QUEEN ANNE'S GATE LONDON SW1H 9AT

9 May 1988

Dear John,

CONCESSIONARY TELEVISION LICENCE SCHEME

Following our discussion of the concessionary television licence scheme in H on 9 March, I am writing to seek your urgent agreement, and that of other colleagues on H, to the proposals in this letter for the reform of the scheme.

On 9 March the Committee concluded that the best option would be to tighten the definition of the accommodation whose occupants would qualify for the concessionary licence, allied if feasible to the preservation of the position of those current beneficiaries who would otherwise be excluded from any new scheme. At the same time we would put up the concessionary licence fee from 5 pence to £5. I was asked to bring forward detailed proposals to give effect to this option, in consultation with the Secretary of State for Social Services and the Chief Secretary. The proposals in this letter for new Regulations made under the Wireless Telegraphy Act 1949 represent our agreed views.

Redefining the accommodation

The present scheme covers residential homes and is intended to cover sheltered housing. There is no readily available definition of sheltered housing which can be used to describe the sort of accommodation which was in mind when the present Regulations were drawn up. We therefore need to include what is generally recognised as genuine sheltered housing, and exclude schemes which are essentially mainstream local authority housing.

I propose that the Regulations should apply to accommodation which consists of a group of at least four dwellings within a common boundary specially provided for disabled, mentally disabled or retired persons. In order to qualify it would have to be shown that the dwellings had been specially erected or converted for occupation by such persons; that a warden was provided, who either lived within the boundary or worked there for at least 30 hours a week; and that the group also incorporated another facility for the use of such persons, eg a communal alarm system or a common room. While a scheme along these lines cannot be guaranteed watertight, it would greatly restrict the scope for circumvention by ingenious local authorities, and would offer a sensible and workable solution to the problem the courts have given us.

/I also propose

The Rt Hon John Wakeham, MP

CONFIDENTIAL

CONFIDENTIAL

2.

I also propose to restrict eligibility, as now, to accommodation provided either by the public sector or by a Housing Association. While some private sheltered housing is provided (for example by voluntary organisations) for people on low income, much of it is aimed at better-off pensioners. Because of the uncertainties about the extent of voluntary provision, and the difficulties of legislation for the one and not the other, extension of the concession to the private sector could throw up major new anomalies and difficulties of interpretation and enforcement.

I would, however, want to take the opportunity of new Regulations to modify the definition of residential homes.

The current concession applies to residential homes registered under the Registered Homes Act 1984, but not to nursing homes registered under the same Act. Many registered homes are residential/nursing homes, and there is an overlap between the two in the care of the elderly. But people in the residential section of the home get the concession, while people in the nursing section do not.

I see a good case for redefining residential accommodation so as to encompass both types of homes.

I estimate that this might increase the number of beneficiaries by no more than 10,000. The figures in Annex A reflect this.

Preservation of the position of existing beneficiaries

My memorandum (H(88)2) suggested that to preserve the position for existing beneficiaries who would not qualify under any new scheme would require primary legislation. I am now advised that this could be achieved by way of amendment to the 1949 Act Regulations.

There is a good case on compassionate grounds for allowing existing beneficiaries to continue to enjoy the benefits of the concessionary scheme for their lifetime, so long as they live in accommodation which has qualified until now. Otherwise they would be faced with very large unforeseen increases in the fees they would have to pay, which could clearly expose the new scheme to major criticism.

The main disadvantage is that it would lead to differences of treatment between neighbours in the same scheme, some of whom would retain the concession, while others would have to pay the full fee. To that extent it would help to perpetuate the basic anomaly inherent in the scheme.

Nevertheless, I consider that the advantages of preserving the rights of existing beneficiaries outweigh that consideration. I do not see the option of phasing out the concession after a period of years by a series of fee increases as at all attractive. I therefore propose a proviso to the Regulations which would have the effect of deeming existing accommodation for residential care to continue to qualify for as long as it is occupied by a person who benefited from a concessionary licence issued before the new Regulations come into force.

/I consider

CONFIDENTIAL

3.

I consider that this form of transitional provision should be robust against the attention of the Joint Committee on Statutory Instruments, and to challenge in court.

Current applicants

At present there are about 18,000 applicants on whose behalf a number of local authorities have applied under the terms of the existing Regulations. Some of the applications have been outstanding for several months. In these circumstances I see no realistic alternative to deciding them on the basis of the current and not the new Regulations. This will mean that most if not all will have to be approved. The figures at Annex A take account of this.

Increase in the concessionary licence fee

Whatever changes are made to the scheme, there is a strong case for increasing the licence fee. This has stood at 5 pence since it was introduced in 1968. During that time the colour licence fee has risen from £11 to £62.50 and the single pension from £4.50 to £41.15. The revenue, which is £35,000 per year, falls far short of covering the administrative costs of the scheme which are about £150,000 a year.

Moreover, one of the main criticisms of the scheme is the wide disparity between the 5 pence licence and the full licence fee. A new concessionary fee of £5 would meet this point and cover the costs of extending the scheme to the current applicants. (It would not however enable us to reduce the full licence fee. It would only be possible to reduce the colour fee by £1 either by increasing the concessionary fee to £40 which is clearly not an option or by increasing it to £10 and at the same time conceding no preserved rights to current beneficiaries.)

Pay-as-you-go

The addendum to my earlier paper suggested that the impact of any new scheme could be lessened if I could announce at the same time the introduction as soon as feasible of a pay-as-you-go scheme. This remains my view, and I would therefore like to couple the decision on the future of the concessionary scheme with the introduction of pay-as-you-go on the lines of the two schemes outlined in my earlier paper.

Announcement

If the above proposals are agreed, then I would wish to announce our intentions before 19 May if possible, when the Home Office is next top for Questions, by way of an arranged Question. I should also like to lay new Regulations (subject to negative resolution) on the date of the announcement, to come into force the following day. We would be justified in breaching the normal 21-day convention in order to avoid potentially large numbers of applications being submitted between the date of laying, and the date of coming into force, all of which would have to be considered under the old Regulations.

/The text

CONFIDENTIAL

CONFIDENTIAL

4.

The text of what I propose to say is at Annex B. In view of the tight timetable I would be grateful for comments by 11 May.

Conclusion

I invite colleagues to agree that:

- (a) the Wireless Telegraphy Regulations should be amended to define more closely the accommodation that may qualify, on the lines of the proposals in paragraph 5;
- (b) the scheme should not be extended to private sheltered housing;
- (c) the position of existing beneficiaries should be preserved by a proviso in the Regulations on the lines described above, recognising that this is likely to mean that I shall have to approve most if not all of the outstanding applications;
- (d) Residential Accommodation should be redefined to include Nursing Homes;
- (e) the concessionary licence fee should be increased from 5 pence to £5, to cover the costs of extending the scheme to current applicants and Nursing Home occupants;
- (f) a pay-as-you-go scheme on the lines described in my previous paper should be introduced as soon as practicable; and
- (g) I should announce our intentions before 19 May by way of an arranged Question, and lay new Regulations on the date of the announcement.

I am sending copies of this to the Prime Minister, the Chief Secretary, other members of H and Sir Robin Butler.

Yours,

D. G. J.

FINANCIAL EFFECT OF CHANGES

A. Cost if concessionary fee raised to £5 and existing beneficiaries retain concession.		
		£m
1.	450,000 existing households	26.0
2.	12,000 current applicant households	0.7
3.	10,000 Nursing Home applicants	<u>0.6</u>
		27.3
	Revenue @ £5 per licence	<u>2.3</u>
	Net cost	25m = marginal change in BBC revenue and no change in full licence fee
B. Revenue if concessionary fee raised to £10 and existing beneficiaries pay full fee.		
1.	150,000 households in new scheme	1.5
2.	300,000 existing beneficiary households at full fee	
		<u>17.3</u>
	Total revenue	18.8m = approx equivalent of £1 off colour licence fee

<ce>je/annex/fin/eff/ch/22/3

ARRANGED QUESTION

To ask the Secretary of State for the Home Department, if he has decided what changes are necessary to the accommodation for residential care television licence scheme: if he will make a statement.

DRAFT REPLY

I am today laying amendment Regulations, which will come into force from midnight tonight, which set out revised criteria for eligibility for the accommodation for residential care concessionary TV licence.

The purpose of the concessionary scheme is to enable pensioners and disabled people who live in residential homes or in sheltered housing provided by a local authority or a housing association to obtain a television licence at a reduced fee. Following a High Court judgment last year it is clear that under the current Regulations many people whom the scheme was never intended to benefit would now qualify. The purpose of the new Regulations is to reinstate the original intention.

The new Regulations therefore define more closely the accommodation which will qualify. In future, in order to qualify for the concessionary licence, the accommodation in question will have to form a group of at least four dwellings, within a common boundary, specially provided by way of erection or conversion only for elderly or disabled people, and provided or run by a local authority or housing association, with a dedicated warden and a common facility for the use of all the occupants.

/These amendments

These amendments will not affect the application of the Regulations to residential homes, which will continue to qualify for the concessionary licence if they meet the statutory requirements. However, as a result of changes in the pattern of care for elderly people, I have decided additionally to extend the scope of the concession to nursing homes registered under the relevant legislation. At present, people in such nursing homes who have their own television in their private rooms have to pay the full licence fee. In future, they will be able to enjoy the benefits of the concessionary licence on the same footing as people in residential homes. This will remove an anomaly in the present scheme.

The new Regulations will apply only to the new applications received after today. The position of existing beneficiaries is preserved by a provision in the Regulations which will enable them to continue to enjoy the concession. This means that anyone living in accommodation which is now covered by the concessionary licence will continue to have the benefit of that accommodation. This will include most if not all of the outstanding applications made before the new Regulations come into force.

I have also decided that the concessionary licence fee should be increased from 5 pence to £5 per year. The fee has not been increased since it was first introduced in 1968, and is now considerably less than the cost of collecting it. This additional licence revenue will compensate for the enlargement of the scheme over a period.

We do, of course, recognise that there are many elderly and disabled people who do not live in sheltered accommodation, and who do not always find it easy to pay the television licence fee. I have therefore decided to introduce a pay-as-you-go scheme which will enable everyone to pay for their television licence by

/instalments.

instalments. Unlike the present instalment scheme, which requires someone to pay a full year's licence in advance before joining the scheme, it will be possible under the new scheme to get a television licence on payment of the first instalment. The scheme will be introduced in 1989, which is the first practical opportunity. The aim is to give the licence payer the widest possible choice of ways of paying for the television licence, and of spreading the cost.

