

The 5 reasons why means-testing the over-75s free TV licence means many of the poorest pensioners are certain to miss out

On June 9th 2019 the BBC announced that from June 2020 they intend to make TV licences free only for those over-75s who can prove ('self validate') they are receiving Pension Credit. Pension Credit is the main means-tested benefit that exists to buoy up very low pensioner incomes. As a single person you have to be on less than about £167 a week to qualify for it (higher in some circumstances) and it can make a big difference – on average about £2,500 a year.

Making the free TV licence available only to older people who are in receipt of Pension Credit would remove the concession from the great majority of people aged 75+. According to the BBC's Equality Impact Assessment, just 900,000 households would receive it and 3.75 million would have to pay.

BUT, although the consultation paper states that this option would be 'targeted at those with the lowest incomes', the BBC's own analysis shows that on average the poorest tenth of over 75s would lose 2.1% of their income.ⁱ What's more, the analysis finds that just 11% of the poorest tenth of households containing someone aged 75+ would retain the concession.ⁱⁱ These findings may be because, in reality, linking the free licence to Pension Credit would exclude those with the very lowest incomes – namely people who are entitled to Pension Credit but who have not claimed it. And as you will see, there are a lot of them.

This takes us to the **first reason** why many poor older people won't be helped if the free TV licence is linked to receiving Pension Credit – hundreds of thousands of older people don't claim it. The latest Government estimates of benefit take-up indicate that two out of five people aged 75+ who are eligible have not claimed:

- In 2016-17 over 950,000 people 75+ claimed Pension Credit (single people or couples) in Great Britain.ⁱⁱⁱ
- A further 650,000 people aged 75+ were entitled to claim Pension Credit but were not receiving it. This means that around two out of five (41%) of all those aged 75+ who should be getting the benefit are missing out.^{iv}

There are lots of reasons why older people don't claim and the most frequent are thought to be lack of awareness this benefit even exists, plus the view that they are not poor enough to be eligible - many older people struggle on alone & assume there are others worse off than they are.

Other reasons for not claiming include being defeated by the process, not wanting to answer intrusive questions about money & discomfort with 'asking' for special help, as opposed to getting it automatically as of right.

A second major concern with linking the concession to Pension Credit entitlement is that it creates an unfair position between those who get the benefit, and others whose income is just above the threshold so do not.

Take, for example, a person whose income is 10 pence a week too high to receive Pension Credit. They are £10 a year better off in terms of annual income but, because of this extra additional income, they would lose the TV licence worth more than £150, in addition to other benefits currently linked to Pension Credit such as the £25 cold weather payment given in weeks when the weather is very cold. So overall they are in a worse financial position than someone receiving Pension Credit!

We already hear from older people with modest amounts of private income who miss out on additional support and feel they are penalised for having saved. This situation will be exacerbated if the free TV licence is linked to Pension Credit receipt.

'Our total pension is just over the pension credit threshold so we don't get any extra help and if means tested we would miss out. Us old ones have paid this tax all our lives and for many this is their only form of entertainment and company. Please don't believe all the hype about pensioners being well off. This may be the case for some but for many we are just getting by.'

'My income is a tiny bit above receiving any help, so I pay for everything with a struggle at times. This free TV licence is a welcome help.'

Thirdly, older people may not feel comfortable about sharing personal information, such as being in receipt of a means-tested benefit, with the BBC. After all, this is such a personal thing and the truth is that some will be ashamed, quite unnecessarily, of needing the extra help that Pension Credit bestows.

Fourthly, the BBC says that it wants to make the process of 'self-validating' that an older person is on Pension Credit as easy as possible, but still, this could be a particular issue for those living with some loss of cognitive function who may be able to manage their finances day-to-day but find taking on new financial responsibilities difficult. So even if an older person has been on Pension Credit for a long time they may, in practice, struggle to 'self validate'. What's more, we know that some of those in receipt of Pension Credit do not actually know that this is the name of the benefit they get, creating a further barrier to them being able to claim a free TV licence.

And fifth and finally, within the last few weeks the Government has made a policy change which means fewer poor pensioners are now eligible for Pension Credit than has been the case for the last few years. From the middle of May this year, if one partner in a couple on a low income is a pensioner but the other is below their own State Pension Age, the couple is eligible only for working age benefits (Universal Credit), not for pensioner benefits (Pension Credit and Housing Benefit). This reversed the position of very longstanding policy that benefit systems are based on the age of the oldest partner, and it means new claimants will be a lot worse off now

than they would have been under the previous regime – to the tune of £7,000 plus a year in some cases (for a couple). Also, in theory, existing ‘mixed age couples’ on Pension Credit are unaffected but, if their claim is interrupted for any reason, even if just for a day, they will lose their Pension Credit entitlement and when they try to claim again will be forced onto Universal Credit. So if the BBC’s plan goes ahead these couples who would have been entitled to a free TV licence will lose that too.

Age UK will continue to fight to retain the free TV license for the over 75s, but whatever happens we want to encourage all older people on low incomes to check that they are not missing out on benefits such as Pension Credit. Systems can be complicated, and people’s circumstances are different, but help is at hand – a good starting point is the benefit pages on our website -

<https://www.ageuk.org.uk/information-advice/money-legal/benefits-entitlements/>

ⁱ Review of over-75s funding: A report prepared for the BBC; Frontier Economics, November 2018. Accessed: <https://downloads.bbc.co.uk/mediacentre/frontier-economics-review-of-over-75s-funding.pdf>

ⁱⁱ Review of over-75s funding: A report prepared for the BBC; Frontier Economics, November 2018. Accessed: <https://downloads.bbc.co.uk/mediacentre/frontier-economics-review-of-over-75s-funding.pdf>

ⁱⁱⁱ Income-related benefits: estimates of take-up: financial year 2016 to 2017; Department for Work & Pensions, November 2018. Accessed: <https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2016-to-2017>

^{iv} Income-related benefits: estimates of take-up: financial year 2016 to 2017; Department for Work & Pensions, November 2018. Accessed: <https://www.gov.uk/government/statistics/income-related-benefits-estimates-of-take-up-financial-year-2016-to-2017>