

STATES OF JERSEY

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JERSEY TELEVISION LICENCE SCHEME

**Presented to the States on 8th February 2006
by the Minister for Social Security**

STATES GREFFE

REPORT

Background

During the 2006 Budget Debate, the States approved Senator M. Vibert's amendment (P.266/2005) to fund the payment of Television Licences for people who have attained the age of 75, are on a comparatively low income and live in domestic dwellings. The amendment further proposed that an income bar be introduced and that the relevant income levels be £12,770 for a single person and £20,720 for a married couple.

The Employment and Social Security Committee was charged to bring such a Scheme into force. The following report gives more detailed proposals which will form the basis of a law drafting brief and administrative arrangements.

Context – Television Licensing

Any household using a television or any other device to receive or record television programmes is required, by Law, to hold a valid television licence. The current cost of the licence is £126.50 for a coloured licence and £42.00 for a black and white licence. The Television Licence System is administered by the BBC Licensing Authority or their approved agents and operates under the provisions of the U.K.'s Communications Act 2003 and the Communications (Television Licensing) Regulations 2004. A licence will ordinarily run for a period of 12 months.

The U.K., Isle of Man and Guernsey "concessionary" licence scheme applies to all people who have attained a certain age and in broad terms is based only on age and residency criteria being satisfied. This differs from the means-tested system required by the States and, as such, it is not possible to use the systems and processes put in place in the U.K., Isle of Man and Guernsey.

Framework of Scheme

Taking the States decision and other factors on board it is proposed that the main criteria for the award of a TV licence be that a person –

- must be aged 75 or over;
- reside in a domestic household;
- be ordinarily resident in Jersey;
- have annual income of less than –
 - £12,770 for a single person,
 - £20,720 for a couple.

Other conditions which will apply to the Scheme are that –

- payment should be made to the principle resident of a household if a qualifying person lives within that domestic unit;
- that a concessionary licence is not capable of being passed to a person at a different address if more than one qualifying person resides within a domestic unit;
- that a 'couple' should mean a married or cohabiting couple.

The above criteria would enable a single person or couple in the target age group to obtain a licence if they lived in their own property but would also provide the concession to people who reside within another domestic unit but are not the principle resident.

Income and assets

Consideration was given to the possibility of introducing asset bars in addition to the income bars, as exist, for example, for the "Over 65s Health Plan" where the capital asset bar is £20,000 for a single person and £30,000 for a couple. However, the Minister took the view that the States had previously given no indication that the benefit should be more finely targeted. In the interests of simplicity, it was therefore decided to ignore all assets though the person would be expected to include income from these assets.

It should be noted that P.266/2005 referred directly to a "married" couple but the proposed definition, to include couples living together, would mean that the income of both partners is taken into account, as it would be for married couples.

Residential homes

Although Senator Vibert's amendment did not cover people in residential homes, analysis of television licence requirements in the Island show that some people aged 75 and over who are on comparatively low income will be required to pay a £5 annual charge if they have a television in their room. This charge goes towards an "Accommodation and Residential Care Licence" which is required by the residential home under the provisions of the Communications Act 2003.

Initial talks with some of the homes indicate that practices differ. Some homes collect £5 per year directly from residents whilst others absorb the charge into the general running costs of the home. As the annual fee is relatively small and practices differ within homes, the administration of a rebate for such a small amount would outstrip the value of the benefit. Therefore it was not considered feasible to include people in homes within this scheme. If, in the future, the States are minded to give further support towards the costs of television licenses to low income people in the target age group in homes, then a more appropriate way of targeting help may be by making a small increase in the pocket money allowance.

Transitional arrangements

The Minister of Treasury and Resources has indicated that a budget of £300,000 will be available from the beginning of 2006. Advice has been received from the Law Draftsman that triennial Regulations will enable the necessary legal framework to be put in place as quickly as possible. Consideration can then be given to primary legislation in the light of Income Support developments.

A timeframe for the law drafting process is currently being estimated and the Regulations will have to be approved by the States when drafted. Realistically, therefore, the legal and administrative arrangements will take a little time (perhaps a few months). The Minister is intending that people in the target group who renew their television licence between 1st January 2006 and the date that the Television Licence Scheme comes into operation will receive reimbursement of the licence fee paid.

Administration

Unlike other jurisdictions, the Jersey TV Licence Scheme incorporates an income bar and as such it will be necessary to assess entitlement prior to payment. This means that every application for a television licence will need to be individually considered and the Scheme fully administered by the Social Security Department.

Each person requiring a television licence will have an individual annual renewal date. At this stage, it is envisaged that when the notice of renewal is received from the BBC Licensing Authority, it will be forwarded to the Social Security Department who, in turn will release payment to the licence holder prior to payment being due. (This could be done by way of direct debit where the person has a bank account.) In this way (excepting the transitional or set-up period) people will not be required to pay up-front for their licence and then request reimbursement. It is envisaged that once a person has qualified for assistance with their television licence, a database will be built up and the Department will invite annual claims, well in advance of the renewal date in future years. It is important that, for the time being, people who are likely to be eligible retain their direct debit arrangements. An announcement to this effect will be made shortly.

Ideally, it would ease administration and inconvenience to the individual if the Department could subsequently make a block application and payment to Jersey Post or the BBC. At this time, talks are continuing to establish further ways of providing flexibility and choice in accessing this concession.

Resource implications

It is impossible to provide an accurate figure of costs, but from available data, it would seem that between 2,000 and 2,300 households in the Island may be able to benefit from this Scheme. Costs for the Television Licence Scheme alone will be in the order of £290,000 per annum. In addition, initial set-up costs will be incurred to provide the necessary administration and accounting system. (It is not possible at this time to provide an accurate figure on set-up costs as work is currently underway to scope the IT support systems.)

Initially, a part-time temporary post will be required to set up the administration of the Scheme. It is envisaged that, after a maximum period of one year, processing can be absorbed into current operational functions and resources.