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10 DOWNING STREET

From the Private Secretary

1 December 1986

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MISC 128: Ministerial Group on Broadcasting Services

The Prime Minister has seen the Home Secretary's minute of 27 November to which was attached a revised version of a paper on radio policy. This is at present scheduled to be discussed at MISC 128 tomorrow. However, the Prime Minister understands that most Ministers are content with it, as she is herself. She hopes that it will be possible to clear this in correspondence.

I have accordingly cancelled the meeting of MISC 128 tomorrow, but it will of course be possible to reinstate the meeting on another day, if difficulties arise over the revised paper.

I am copying this letter to the Private Secretaries to members of MISC 128, the Foreign Secretary, the Secretary of State for the Environment and Sir Robert Armstrong.

(DAVID NORGROVE)

Stephen Boys Smith, Esq.,
Home Office.

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Prime Minister

Brian Griffiths has no comments
on the paper.

MR NORCROVE

Are you content now to leave
the text of the Green Paper to be cleared
in correspondence? (It would help the

MISC 128: MEETING ON TUESDAY 2 DECEMBER

diary if you were.) DJS 28/11

1. If the Prime Minister is content with the report on progress contained in the first part of the attached brief and with the Home Secretary's revised proposals for a tighter regulatory regime for local radio, are covered in the second part of the brief, then it just might be possible to cancel this meeting. The only other point left outstanding at the last meeting was the question of giving the new supervisory functions to the Cable Authority, and it might be possible to sweep this up in clearing the text of the Green Paper in correspondence.

2. Alternatively a meeting to tie-off these points should only need 30 minutes or so. We would not propose to invite FCO and DOE as Mr Hurd has cleared his lines with Mr Eggar and Mr Chope and the draft Green Paper could be sent to those departments for comment.

D. J. Daniel

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A J LANGDON

28 November 1986

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PRIME MINISTER

MINISTERIAL GROUP ON BROADCASTING SERVICES

2 DECEMBER

OBJECTIVE OF MEETING

1. The purpose of this meeting is:

(i) to enable you to take stock, in the aftermath of the Commons debate on the Peacock Report, of progress in reviewing Peacock's recommendations and the work that remains

(ii) to complete consideration of the Home Secretary's proposals for a Green Paper on Radio.

ITEM 1: PARLIAMENTARY DEBATE: STOCKTAKING

2. The first item on the agenda is an oral report by the Home Secretary on the Parliamentary debate. You may also like to use this item to take stock of progress. The decisions the Group has taken to date are as follows.

(i) It has decided not to pursue even limited advertising as a means of financing the BBC but instead to move as rapidly as possible towards paying for BBC services through subscription as a step towards an open market in broadcasting. Independent consultants are exploring the economic and technical feasibility of a move to subscription and will report in March next year. As agreed the Home Secretary drew attention to the strong attractions of subscription in the Commons debate but without committing the Government.

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(ii) It has been decided to keep the licence fee at its present level of £58 until April 1988 and thereafter to index it to the RPI using a notional base figure of £60 on 1 April 1987 which is likely to produce a licence fee of £62 on 1 April 1988. The Home Secretary announced the pegging of the licence fee in the Commons debate and hinted at the possibility of indexation.

(iii) The Group has agreed in principle to transfer administration of the licence fee to the BBC and the Home Secretary was authorised to have talks with the BBC on how best this might be done.

(iv) It has been agreed that no change should be made in concessionary arrangements for the licence fee.

(v) The Group has agreed that a target should be set to achieve the wider use of genuinely independent producers by both the ITV and BBC and that the basis on which the Home Secretary should start talks with industry should be a 25% use of independent producers to be achieved over 4 years. The Home Secretary in the Commons debate announced the Government's desire to see an increase in the use of independent producers and hinted at the target that might be set.

(vi) The Group has agreed to postpone for 3 years the next round of IBA contract awards and a Bill to that effect is now before Parliament; the aim is to obtain Royal Assent by March. This will give the Group time to consider the major issues of the future structure of the contract system and of the ITV levy.

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(vii) Finally the Group has concluded that the recommendation that telecommunication systems should be enabled to act as common carriers for a fibre optic network providing a full range of services raised wider issues of economic and industrial policy and this is being pursued by officials reporting to a Ministerial Group which you will chair.

3. Apart from the decisions on radio (to be dealt with under Item 2) there do not seem any issues which need to be addressed by the Group before it begins to address the major issue of subscription financing of the BBC once the consultants have reported. You may like to suggest that the Home Secretary arranges for the consultants to give the Group a presentation on the topic as soon as they feel they are in a position to so do. (This will be some time in the New Year).

4. At some point a decision will have to be taken on how and when to announce the full package of decisions on the licence fee. Such an announcement could make clear that the BBC will not be financed by advertising, spell out the proposals for future indexation of the licence fee, dismiss Peacock's ideas on concessions and emphasise the considerable incentive which the new regime will provide for enhanced efficiency and cost consciousness on the part of the BBC. Such an announcement should be left until after the Lords debate on Peacock (15 December) and might take place early in the New Year. The Home Secretary is consulting the Chief Whip and will then minute you with proposals. You will recall that you thought that Cabinet should be asked to endorse the decisions on indexation and concessions before any announcement was made.

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ITEM 2: RADIO POLICY

5. At their last meeting, the Group considered proposals from the Home Secretary for a Green paper on radio policy. They accepted the Home Secretary's analysis that his proposals had to be addressed to the short to medium term and as such must assume the continuation for that period of BBC radio services financed through the licence fee. In the longer term, when the television licence fee was displaced by "pay as you view" a more radical re-organisation of radio services would be possible under which the bulk of radio might be financed by advertising with only a limited public service radio arrangement to support something like the equivalent of BBC Radio 3. Against this background they decided:

(i) that, rather than attempting to privatise BBC Radio 1 and 2, the Home Secretary should propose to withdraw two frequencies from the BBC and assign them to the independent sector, so as to create a new level of independent national radio.

(ii) that while some aspects of the proposed new regulatory regime for independent radio were welcome, such as the application to it of the Obscene Publications Act, other aspects needed further consideration. The Home Secretary was asked to pursue these separately with the Ministers most concerned and then to report back to the Group.

6. In his minute of 27 November the Home Secretary reports the outcome of the discussion he has had with the Welsh Secretary, the Chancellor of the Duchy of Lancaster and representatives of the Foreign Secretary and Environment Secretary. Under the proposals there will be a standard regulatory regime for independent radio. Independent radio stations would be licensed and supervised by the Cable Authority, whose statutory role would

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be enlarged. Statutory controls would be reflected in licences issued by the Cable Authority. The principal requirements are as follows:

(i) to ensure that all news given in whatever form in programmes is presented with accuracy and impartiality;

(ii) to ensure that all expressions of the views and opinions of the persons providing the service on religious matters or on matters which are of political or industrial controversy or relate to current public policy are excluded from programmes;

(iii) to avoid giving undue prominence in programmes to the views and opinions of particular persons or bodies of the issues in (ii) above;

(iv) to ensure that nothing is included in the programmes which offend against good taste or decency or is likely to encourage crime or disorder or be offensive to public feeling;

(v) to comply with a code of practice on advertising;

(vi) to deliver the kind of services which they had promised when applying to use the frequency.

7. In addition to the statutory requirements on content the Authority would be precluded from licensing stations owned or financed by political parties or public authorities, or by a body whose objects were wholly or mainly of a political nature, or which was affiliated to such bodies. The Authority would also have a duty to ensure that no licence was given to an organisation which by reason of its funding or otherwise, appeared to be subject to the control or undue influence of a public authority,

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a political party or a body whose objects were mainly of a political nature. These proposals represent a considerable advance both on the original community radio experiment which was rejected by H and on the proposals that were put to MISC 128 at their last meeting. They appear to meet MISC 128's prime requirement which was that the new independent radio services - and especially community radio - should not be subject to even indirect political influence. They would also appear to meet the Foreign Secretary's principal concern about broadcast propoganda from dissident groups from overseas eg the Sikhs.

8. The only other issue outstanding is the question of the responsible Authority. The Home Secretary does not think that the IBA could easily operate a light radio regime alongside a traditional TV one, and proposes that the radio function should be taken away from them and given to the Cable Authority in order to avoid creating another quango. The IBA would object to this quite strongly: the Cable Authority's views are not stated.

9. There will be problems however the responsibilities are divided. The Home Secretary's apportionment by regulatory style is attractive, but grouping cable with radio may not necessarily please either industry. And antagonising the IBA on that point needs to be weighed against the, probably more important, ITV franchise issues that are heading up. You may want this part of the Green Paper to be especially green, so that you preserve your full room for manoeuvre.

10. If you are content with the Home Secretary's proposals you will wish the Group to endorse the structure of the Green Paper which he has proposed. You may then wish to invite him to clear the actual text of the Green Paper initially at official level before circulating it to the members of the Group for final comment before publication.

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HANDLING

11. You will wish to invite the Home Secretary at the outset of the meeting to give a report on the Parliamentary debate. As suggested above, this item could also be used to review progress generally. As far as Item 2 is concerned you will wish to invite the Home Secretary briefly to speak to his minute to you of 27 November and then to establish the views of the Secretary of State for Wales and the Chancellor of the Duchy of Lancaster. Other members of the Group will also have views.

D. J. Daniel

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A J LANGDON

28 November 1986