



cc BQ
Any pp's? (An MEA)

PRIME MINISTER

INDEPENDENT PRODUCERS

This minute brings you and colleagues up-to-date with progress on our initiative on independent productions, on which I had proposed to report at the meeting of MISC 128 scheduled for 30 April.

2. Following the decision of MISC 128 on 30 October I announced during the Commons debate on the Peacock Report on 20 November last year that the Government was looking for a broad target of 25% of programmes on BBC and ITV to be provided by independent producers. On 5 December, with David Mellor, I met the Chairmen and Directors-General of the BBC and IBA to discuss practical steps towards this target. We explained that we saw the target as applying to original programme material and that we wished it to be achieved within a period of about four years. The BBC and IBA were invited to develop plans for progress towards this objective in the light of discussions with the independent producers and others in the industry.

3. Since then, David Mellor has had separate meetings with the BBC and IBA at Chairman level to review progress. The broadcasters have further work to do to refine their schemes and to reach a common understanding with the independent producers and, in the case of the IBA, with the ITV companies. Accordingly, this is necessarily an interim report.

4. Briefly, the IBA has drawn up an intermediate target of an annual production from the independent sector of between 200-400 hours of locally shown material and between 175-225 hours of network material by the end of 1989. This latter figure translates into between 8% to 10% of the original network output, including TV AM and ITN. The IBA then proposes to assess the position at the end of 1989, when the current ITV contracts come to an end. Provided that the independent sector has proved to be capable of expanding at the rate required and of delivering the range of programmes that this would involve at competitive quality and cost, the IBA believes

that our 25% target will be achieved within the limited three year contract period between 1990-1992 prescribed under what is now the Broadcasting Act 1987. The IBA is optimistic that the ITV companies will agree to its scheme, but has made clear its intention to write provisions into the contracts covering the period between 1990-1992 should this prove necessary. It believes it has the power to do so, but further advice may be needed on this point.

5. The BBC's proposals also envisage two phases. In the first they plan by mid-1990 to have allocated finance for the commissioning of 500 hours from the independent sector to add to the 100 hours already provided by independent producers. 500 hours would be networked programmes, representing approximately 8% of the total BBC network programme production budget, excluding news and news-based programmes, which the BBC believe should continue to be made in-house. These commissioned programmes would be supplemented by plans for increased co-productions with the independent sector and - a proposal on which I shall be consulting colleagues separately - the possible use of programmes made by independent producers as a result of commissions by commercial sponsors. The BBC plan to close, by 1990, major London studios (at Lime Grove) and some associated facilities. The BBC will, over the next three years, move to the second phase of increased independent production of network and local programmes which recognises the Government's desire to see independent production reach 25% of originated programmes. This will depend on the outcome of a review of the independent sector's performance during the first phase.

6. These two sets of proposals represent a major shift in practice and in thinking, and the initiative is now likely to develop its own momentum. The independent producers themselves, whose broadcasting work will roughly double in the first phase, recognise this and the problems which the broadcasters will face in putting their plans into practice.

7. We now have a choice. We can let the broadcasters know that we are broadly content with the plans they have outlined as an initial response and ask them to continue to work up the detail of terms of trade and related matters in discussion with the independent production sector. On this basis I would make an announcement, when agreement has been reached on fully developed schemes, welcoming the response to our initiative and looking forward to further progress in subsequent phases.

8. Alternatively, we could take the view that the proposals are not satisfactory. To secure an improvement legislation would be necessary. The BBC's Charter and Licence and Agreement cannot in practice be amended during its lifetime without the consent of the BBC, so that legislation would be required to impose a duty on the Corporation in regard to independent productions. (Such legislation has precedents: the Broadcasting Act 1981 already imposes obligations on the BBC in terms of the Broadcasting Complaints Commission and on the supply of programmes for the Welsh Fourth Channel Authority). But legislation, as this would be, on a matter central to the operation of the BBC as a broadcasting authority would raise difficult issues if, as might be the case, the BBC resisted it on the grounds that it was in conflict with its view of the proper discharge of the Charter responsibilities. The same issue would arise in the case of legislation requiring the IBA to write into its contracts with the ITV companies provisions in relation to independent production which it regarded as inconsistent with its duties under the Broadcasting Act.

9. After careful consideration I believe the balance of advantage lies in the first of these two courses, which will enable an early start to be made on the contracting-out of programme production. By our arguments and pressure we have achieved what amounts to a breakthrough. We can keep the threat of legislation in the background; there is no need to renounce it. But it seems sensible to exploit strenuously the openings which we have created. In contrast a decision now to legislate, as well as proving controversial, could well result in the withdrawal of co-operation and therefore delay.

10. It will, of course, be essential for the implementation of these plans to be carefully monitored, and for information about the allocation of airtime and production budgets to be made available. Since the second phase of the plans is contingent on cost and quality it is also helpful that both the BBC and IBA have attached importance to the development of sensible arrangements for the comparison of costs with the independent sector.

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I am copying this minute to the other members of MISC 128 and to Sir Robert Armstrong.

Douglas Hurd.

19 May 1987

