



QUEEN ANNE'S GATE LONDON SW1H 9AT

21 October 1987

Dear David

NETWORKING OF ITV PROGRAMMES

Thank you for your further letter of 12 October.

As outlined in my letter of 28 September, I believe that the right course is a staged approach which takes account of the need both to modify the networking system under the present contracts and their extensions to the end of 1992, and the need for further changes to take effect under new contracts from 1993 in the light of the other reforms we now have in mind for the ITV system. I know that the IBA is pursuing vigorously in co-operation with the ITV companies the development of plans for a revised networking structure under the existing contracts, and I am making clear to the IBA our view that changes in the arrangements are central to the Government's efforts to open up the broadcasting structure to more competition and to improve programme quality.

As regards changes to the networking arrangements post-1992 under new contracts, I take your point that there could be advantage in considering now on a contingency basis what provisions might be necessary in our Broadcasting Bill to ensure that new networking arrangements are consistent with the objectives endorsed by MISC 128 earlier this year. These were:

- (a) ensuring that programmes of national quality receive national showing, but only after they have passed some competitive process of selection;
- (b) providing access on equal terms for the non-network ITV companies;
- (c) allowing access for the independent producers in accordance with our own already announced initiative;
- (d) the maintenance of regional production capacity.

In doing so, however, I believe that we need to be clear that the task should be geared to drawing up, in the light of these objectives, criteria against which the IBA could develop their own proposals, and against which we could in turn measure the efficacy of what the IBA has in mind. In other words, the task would be to identify the provisions we would need to put in legislation, should that prove necessary, to ensure that the IBA produced the right result. As I suggested in my earlier letter, I do not



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believe that it would be right for the Government to seek to design a networking system itself, for which we lack the necessary detailed knowledge. There is in any case a constitutional issue, as well as the practical consideration that it would be a mistake to attempt this without involving the IBA; and we cannot sensibly do that until we are ready to reveal our plans for the ITV system as a whole.

On this understanding, I am ready to agree that officials should put the necessary work in hand. I also agree that the best course would be for officials, perhaps working ad hoc, to prepare a paper to go to the Official Group (MISC 129), with a view to a report to the Ministerial Group.

I am copying this letter to the Prime Minister, to other members of MISC 128 and to Sir Robert Armstrong.

Yours,

Douglas.