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PRIME MINISTER

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MISC 128

CHANNELS 3 AND 5: THE MAP OF THE CLOCK

Douglas Hurd seeks endorsement on three major issues:

(a) ITC and Responsibility for the Channel 3 Regional Map

The ITV map can be drawn on the basis of either political or commercial considerations. The major political consideration is not to preserve the existing 15 regions but to ensure that the major regions of the country (SE, Midlands, NW, NE, SW, Scotland, Wales and NI) all have adequate access to regional broadcasting.

Commercial considerations however are also important. No purpose would be served if the existing 15 regions were enshrined in law, and then a few years some of them prove commercially unviable.

Recommendation

The ITC should be given discretion to permit changes to the map if in their judgement and because of commercial considerations, viewers in certain regions would be better served through mergers of weak companies with strong ones.

(b) Night Hours and Breakfast Time

Night hours are a valuable resource and companies will pay for their use. By comparison with prime time and

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day time, they are clearly much less valuable. But if the night hours are auctioned separately, it will introduce more enterprise and innovation into broadcasting. Breakfast time is already a profitable franchise and there is no particular reason to strengthen it.

Recommendation

The case for linking night hours to breakfast time is not strong. It will not be possible to create a third force this way, but it will be possible to have more smaller, newer companies who might as a result gain experience and strength.

Channel 5: the Clock

The great attraction of Channel 5 is that it is a possible third force, or with C4 separated from C3, a fourth force in broadcasting. Yet it covers only 70% of the country and will take time to develop.

Over the period of the next franchise, it seems doubtful if anything will be gained by dividing it up in any way - either by night/day hours or by week/week-end. If we wish to see it as a potential third force, it is best not to break it up.

The argument here is different from that for Channel 3. In C3 we already have powerful ITV companies and by separating the night hours we can offer scope to small new ones. But if the prime attraction of C5 is as a third force, then we should not allow this route to produce 3 relatively weak companies.

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