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the department for Enterprise

CONFIDENTIAL

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

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Our ref PB1BML
Your ref
Date 19 June 1989

Dear Secretary of State,

BBC NIGHT HOURS

Separate Note at Source.

I refer to your minute of 14 June to the Prime Minister in which you propose that the BBC should be allowed to keep both sets of its night hours.

As you know, I have always seen the night hours as a potentially valuable resource, the true value of which can only be assessed if it is put on the open market. You will recall that the Peacock Committee took a similar view and recommended that the night hours of all four national networks should be sold.

I am afraid I am not persuaded by the argument that the BBC's public service functions or the aim of expanding its subscription services should entitle it to retain both sets of night hours. They are rather reasons for our having decided to allow them to retain one set of night hours. Major events such as the Olympic Games are fairly infrequent and I see no good reason why the disruption of subscription services on such occasions should be any worse than the disruption such events cause normal programming. Now that we have decided to award the night hours with the Channel 3 regional franchises, the BBC's second set remain the only national night hours that could be put out to the market.

Having said that, if other colleagues agree with your proposals then I would in principle also be prepared to do so. But I am not convinced that it would be sufficient merely to flag up an expectation that when the licence fee is reviewed in ten years' time we would expect them to be earning significant amounts of subscription income. Surely this will

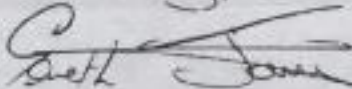
the
Enterprise
Initiative



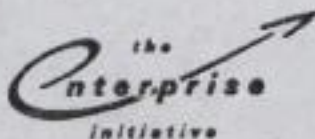
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also be the case with one set of night hours which they have yet to utilise fully so far? If we are to countenance letting them keep the second set of night hours then we should use this to try to ensure that we achieve a satisfactory outcome on transmission. This will need to await the outcome of MISC 128 on Wednesday 21 June and I therefore suggest we discuss the matter then.

I am copying this letter to the recipients of your minute.

Yours sincerely,


(Approved by the Secretary of State
and signed in his absence)



Broadcasting Policy Pt 8.

