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the department for Enterprise



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19 October 1989

*Norman
at his
desk.*

*RLC
19/10*

John Major,

TV LICENSING ORGANISATION : FURTHER NEW BUSINESS

at flap
I wrote to you on August 30 about a proposal from TVL to negotiate a contract to develop and run a subscriber management system for TV Direct. A further subscriber management contract opportunity has arisen, this time connected with the Football Membership Scheme.

I understand that Arthur Young - the consultants employed by the Football League to plan and oversee the implementation of the Football Membership Scheme - envisage that it will be operated by a prime contractor who will be responsible for the design and provision of gates and equipment at football grounds, and for the design and manufacture of membership cards, etc. TVL would like to bid for the sub-contract to maintain the central Scheme register, an area in which it has some expertise.

Such work would not be within TVL's existing powers so Ministerial consent under Section 61(2) of the British Telecommunications Act 1981 would be required for a subsidiary to carry out the work.

As Tony Newton said in his letter of 3 November to John Major, TVL would be a good candidate for early privatisation, provided that its commercial future can be assured. Ernst and Young are preparing a TVL privatisation strategy report to be considered by the Post Office Board later in the Autumn.

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BROADCASTING

Policy
P. J.

However, it is already clear that privatisation will not be feasible with only one customer (Home Office/BBC), one product (TV licensing) with an uncertain future, and virtually no assets apart from 1400 staff. Securing new work in areas where TVL's existing expertise can be exploited seems to be an essential prerequisite to privatisation.

TVL's negotiations with the BBC and TV Direct are proceeding. However, taking on additional subscriber management work seems judicious. Since organisations that maintain lists of subscribers often prefer to have them under their own direct control to exploit them as marketing tools, new opportunities for taking on such work are unlikely to be abundant; this one should be taken.

I would be grateful for an early indication of the acceptability in principle of the proposed arrangement.

By way of additional background, I might add that Post Office Counters has been invited by Arthur Young to submit detailed proposals on the way that it could accept applications forms and fees for the Football Membership Scheme at post offices and forward them to the Scheme's operating company. This work is within Counters existing statutory powers. It seems that Counters, with its extensive counter network, is well-placed to win this new business.

Copies of this letter go to the Prime Minister, Douglas Hurd, Colin Moynihan, E(A) Members and to Sir Robin Butler.

Eric Forth

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