

MR INGHAM

DWS
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WINDSOR CABLE TV

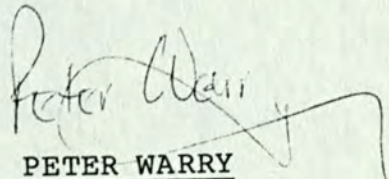
There is a fair chance of a decision to terminate the Windsor Cable Television Consortium this afternoon. In negotiations over the last month they have threatened that if they were forced to close then they would go down in flames blaming Government.

The root cause of their failure lies in a less optimistic environment for cable TV, with lower take-up rates being experienced by those that have commenced operations, and in poor planning and management at Windsor, although of course you cannot say any of this.

Windsor are likely to blame in particular the removal of capital allowances which will certainly have adversely impacted upon them. They may also blame Government delay in granting licences (this will not have had any effect upon their circumstances) and for insisting on too high a technical specification for the system (there is an element of truth in this). Against this, the Government had been prepared to extend their franchise to include the lucrative Heathrow Airport area.

There were 11 consortia originally franchised and this is the first to fail. There are others in difficulty: in particular the Clyde consortium could also be brought down.

I don't think No 10 should offer any comment but if forced the message we want to get across is that one would expect the odd failure in a new venture such as cable TV, and it does not follow that the general proposition is unsound. And whilst the removal of capital allowances will not have aided these consortia, the Government had shown flexibility by extending Windsor's franchise area.


PETER WARRY