

CONFIDENTIAL

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Secretary of State for Trade and Industry

PS/

25 March 1985

cf

*cc to Robin Nicholson
for info,*

then refer to me pl.

Mark Addison Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

*Await main
response. NBP met.
then stage*

Dear Mark,

ITAP REASSESSMENT OF CABLE

Thank you for your letter of 13 March. I will be in a position to let you have a full response when copies of ITAP's final report have been received here and considered by the Secretary of State and his colleagues.

2 The Secretary of State has considered the Prime Minister's suggestion that he might take the opportunity of his Budget Debate speech to reaffirm the Government's support for the re-cabling of Britain, but has decided not to do so. The industry suffered a setback in last year's Budget when full first year capital tax allowances were withdrawn and is looking for other ways of compensating for those losses. In the absence of any such tangible relief it would seem preferable to avoid any specific reference to cable on that occasion. Ministers here are, however, conscious of the need to reaffirm their commitment and are taking opportunities as they arise to do so. Mr Pattie's recent speech in ... Swindon was an example of this (I attach a copy of the Press Notice issued on that occasion). There would appear to be a slight upturn in confidence in cable already.

3 The size of the pilot project areas is not believed to be a contributory factor to the reduction of interest in cable. The average population covered by areas in the pilots was 104,000. In response to the Cable Authority's recent invitation for further franchises the average was



117,000. A major factor for cable investors is the very large capital investment required in the early days before revenues are received. The larger the area the higher the investment needed.

4 I am copying this letter to Rachel Lomax (HM Treasury), Hugh Taylor (Home Office) and Leigh Lewis (Office of the Minister without Portfolio).

Your ever,

A. D. Lansley

ANDREW D LANSLEY
Private Secretary