

PRIME MINISTER

BROADCASTING BILL: INDEPENDENT PRODUCTION

We still have some loose ends over the detailed arrangements for applying the 25 per cent independent production requirement.

In correspondence last month:

- (i) the Home Secretary proposed delaying the implementation of the requirement on the BBC until 1 January 1994. The Chancellor and Nick Ridley questioned this and urged sticking with January 1993. You have not commented on this aspect in the earlier exchanges;
- (ii) Nick Ridley argued that the exclusions from the coverage of the independent production requirement should be limited to national news and national news-related daily current affairs; local news programmes would thereby be included in the initiative. You supported this.

The Home Secretary has now responded to these points in his minute at Flag A. He resists both the earlier date for implementation of the target date for the BBC and the inclusion of local news.

Brian Griffiths (Flag B) has provided further comments on this. He has discussed the position with DTI officials, and he understands that they will be putting to Mr. Ridley similar recommendations to those in his own minute. Brian recommends:

- Vigorously* →
- you should support the DTI and Treasury in pressing for the 25 per cent target to be met by the BBC earlier than the beginning of 1994;
 - you should accept that the earlier proposed distinction between national and local news programmes could be difficult to implement, but instead press for all news to be excluded from the 25 per cent target, but all current

affairs programmes to be included.

Yes

You will want to consider, in view of earlier difficulties with the Home Secretary over these residual broadcasting policy issues, how far to press him on these points.

Content to comment in the terms recommended by Brian?

PRCG

(PAUL GRAY)

22 December 1989

a:\economic\Broadcasting (srw)

Yes. The T.V. companies
 want to continue their
 monopoly power and
 keep the independent
 producers. They try every
 way to cut them out. But
 there are some people with
 initiative. They break down
 restrictive practices - are the
 only genuine competition to the
 big companies. We must
 support them MORE
 vigorously.

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CCP/PT
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Prime Minister

BROADCASTING BILL: INDEPENDENT PRODUCTION

I am grateful to you and your colleagues for endorsement of the proposals in my minute of 9 November for a statutory scheme to apply the 25% requirement to the BBC. I am happy to take on board your point that the OFT reports should be regularly published.

Nicholas Ridley and John Major have both commented on the proposal that the requirement on the BBC should apply from 1 January 1994. Perhaps I can first deal with John Major's point. Most programmes take at least a year from commissioning to transmission, and thus I think a six months delay in the statute would not meet the point. Indeed, even a year is less than generous to the BBC. Nicholas Ridley argues that if the BBC are to reach the present non-statutory target of a 25% commissioning rate by the end of 1992, they should in fact be close to reaching it throughout 1992 and thus capable of a 25% transmission rate during 1993. But in practice I do not expect it to work like that. The undertaking by the BBC is not to be commissioning at a rate of 25% throughout 1992; from a standing start a couple of years ago they, like the IBA, are building up progressively. It would be entirely consistent with their declared target for them still to be clearly below 25% in the early part of 1992 but for the line to have been crossed by the end of 1992. It is not logical to argue that a profile of this kind would enable them to be transmitting at a rate of 25% throughout the whole of 1993. I think we must, therefore, stick to my previous proposal for a target date of 1 January 1994.

/As regards

As regards the exclusion of news and similar programming, Nicholas argues that this would reduce the quota to about 15%; that with the exclusion of the broadcasters get no credit for any independently produced programmes in these categories that they do include; and that as a fall-back perhaps national programming alone should be excluded. Your Private Secretary's letter of 27 November supported the latter suggestion.

Taking Nicholas' points in order, I think we must first remind ourselves where we are starting from. The independent production initiative has applied from the outset only to certain categories of programmes, excluding such material as news and news-related daily current affairs programmes. In translating that into a statutory requirement, we will not be reducing the scope of the initiative but maintaining it exactly where it always has been. Conversely to the argument Nicholas puts forward, removal of the news etc exclusion would actually expand the initiative. That brings us back to the substantive arguments for and against a change.

Nicholas is right that with news and similar programming excluded, the broadcasters do not get the credit for any programmes they do include. It is of course entirely right not to allow the broadcasters to count any such programmes toward the 25% if they do not also count towards the 100% denominator; but there is no problem about ensuring that and it hardly constitutes an argument for bringing the material within the initiative.

As regards the suggestion that local news and similar programming should be brought within the initiative, I do not see how we could do this without any substantive evidence that it is feasible for the broadcasters to place such material

/with the

with the independents; and without regard to the effect on local broadcasting if they were to do it. I explained in my earlier minute why it was not right to expect them to contract out the whole of their operations (editorial control, house style, establishment of identity, links and rapport with customers); and no-one - not even the independent producers' representatives - has shown how it would be feasible to contract out 25% of such operations. As I said before, news requires established infrastructure to collect it; and stories which develop progressively during the day cannot be passed from producer to producer. So far as I am aware the most that could be contracted out is the occasional pre-planned news feature, and we can hardly erect a 25% requirement on the strength of that.

Furthermore, we have to recognise that news and similar programming comprises a greater part of local than of network material (just over 60%). Of course this means that independent producers have less access at local level (in proportion to all material); but as explained there are very good substantive reasons for this. And if we were to ignore such reasons and bring local news etc into the quota the mathematics could leave broadcasters with the unpalatable choice of giving up most (on average 60%) of their own production in the non-news sphere, or of contracting out a significant part of their news operation with all its attendant objections and difficulties. That would have serious and I believe unwelcome implications for the staffing, structure and indeed concept of regional companies.

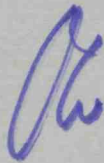
I must also say that I think it would be regarded as bad faith for the Government to decide at this stage to go back on the original agreement to exclude news and similar programming. The present commitment is more than a signature

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on a piece of paper for the broadcasters; it means they have to give up staff and production capacity. Despite this and contrary to occasional stories inspired in the press by those with an axe to grind, they have been conscientiously going about implementation of the initiative and are on course for their interim targets. Given that they are doing precisely what we asked them to do, it is not right for us to set a higher target - achievement of which in 1993/94 would mean them moving faster than agreed in the years of the voluntary scheme. We should plan to put into statutory form the agreement they are clearly doing their best to honour, not substitute something else. The need for any further change can be considered in 1993/94 in the light of what is likely to be a very different broadcasting market.

Copies go to other members of MISC 128.



19 December 1989

Broadway Policy Pr 10



BROADCASTING BILL: INDEPENDENT PRODUCTION

The Home Secretary deals with two points in his note: the date by which the BBC should be expected to meet the 25% target, and the exclusion of news and news-related current affairs from the total of those programmes to which the 25% should be applied.

Target Date for BBC: 1993 or 1994?

The BBC are clearly leaning on the Home Office to have as much time as possible before they are required to meet the target.

I have strong doubts as to whether we should be as generous to the BBC as the Home Office proposes. The facts are that:

- this initiative on independent production was first raised in 1985/6;
- we made a clear, unambiguous statement in the Manifesto that the Government was committed to implementing it "as soon as possible";
- the BBC refused to give the Home Office the relevant facts because they argued the 25% target for them was voluntary not statutory (as was proposed for ITV): it was this which led to the BBC's target being given a statutory basis as well;
- the Home Secretary has made it absolutely clear on many occasions that the target for the BBC is to be met by end of 1992.

The real problem is that until now neither the BBC nor ITV have

believed the Government would implement the 25% target. (Indeed ITV are opposed to this part of the Bill). The BBC's management have not taken the crucial decisions in terms of staff and the use of facilities which meeting the 25% target would entail. Requiring them to do so by end 1992 is just the sort of deadline which would make them focus their minds on the problem.

Recommendation

Support DTI and Treasury in meeting the 25% target earlier than beginning 1994.

Exclusion of News and News-Related Current Affairs

This is a more tricky issue. We have never suggested that news should be part of the 25% requirement. The problem arises as to how one defines precisely news-related current affairs. On the basis of the present Home Office approach, programmes such as Newsnight, Panorama and other documentaries relating to events such as Eastern Europe, Hong Kong and Panama would be excluded. But these are precisely the kinds of programmes which independent producers could do very well.

It would be simplest and fairest if the basic rule was that all news was excluded, but current affairs included. This would doubtless raise protests, especially from the BBC, but is just the initiative necessary to free up the system.

Recommendation

All news should be excluded from the 25% target, but all current affairs programmes should be included.

Yvonne Barker

PP BRIAN GRIFFITHS