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HOME SECRETARY

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QUEEN ANNE'S GATE LONDON SWIH 9AT

November 1986

Dear horman,

WORLD TELEVISION SERVICE

In your letter of 21 November to Geoffrey Howe you invited me to comment on the potential uses to which licence fee revenue might be put by the BBC. There is no question of such revenue being used for the BBC's external services, actual or potential.

The BBC's Licence and Agreement makes it clear that such revenue may be used only for the purposes of providing the <u>Home Services</u> on television and radio or for such purposes, other than those of the Home or External Services, as I may specify in a direction to the BBC. I have given no such direction and have no plans to do so. The possibility of the use of licence fee revenue to support the External Services cannot therefore arise in the case of television any more than at present in the case of radio.

I am copying this letter to the recipients of yours.

Lover,

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Doy's.

