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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 May 1987

Dear William,

SUBSCRIPTION TELEVISION:
REPORT FROM CONSULTANTS

The Prime Minister has seen the Home Secretary's minute of 12 May, and is content that officials should arrange for HMSO to set up the text of the report by CSP International so that it could be published after the Election at a time of the Government's choosing.

I am copying this letter to the Private Secretaries to members of MISC 128 and to Sir Robert Armstrong.

David
David Norgrove

William Fittall, Esq.,
Home Office.

df



*CBF
(letter only)*

Prime Minister 1

Content for the report to be set up in print for possible publication after the election?

Yes mb

PRIME MINISTER

SUBSCRIPTION TELEVISION: REPORT FROM CONSULTANTS

*JW
12/5.*

in folder

I reported, in my minute of 22 April, the likely outcome of the technical and economic study of subscription television from our consultants, CSP International Ltd. I have now received their final report, a copy of which is attached for you and the other members of MISC 128.

2. As was made clear in the specification for the study, which was circulated with MISC 128(86)2, the consultants were asked to offer a judgment on the cost and feasibility of introducing subscription, guidance on the best method and timing to be adopted and the case, in economic and other terms, for doing so, and on what basis. Chapter 11 of the report - Summary and Conclusions - brings together the main findings from the consultants' research. These are very much on the lines foreshadowed in my earlier minute, though with one addition.

3. The chapter canvasses a number of options for the gradual introduction of subscription for new services consisting mainly of premium programming. Options 1 and 2 deal with the possible use of the night hours of BBC 2 and Channel 4, and the possible replacement of some parts of the BBC 2 schedule. Option 3 (which is the addition and which derives as much from CSP's work on spectrum allocation for DTI as from this consultancy) introduces the new idea that there might be additional terrestrial television services, also consisting of premium material and financed on a subscription basis. The spectrum for these services could be found either by making better use of the UHF frequencies now used for television or by reclaiming for television broadcasting some of the VHF spectrum formerly used for that purpose. (As the report acknowledges, this would imply a reversal of our earlier decisions to transfer this spectrum to mobile radio users).

4. The report will require detailed study in order to test its analysis and to consider the implications of the consultants' findings. The options mentioned in the previous paragraph raise difficult issues of broadcasting

policy and of policy on the allocation of spectrum. They also have serious potential implications for DBS and cable. That said however, the report clearly provides the raw material for a much more informed discussion of the issues. I think there is every advantage in our planning to publish it in full, through HMSO, so that the work can be fully tested and subject to comment by economic and other experts.

5. My preference, as indicated in my earlier minute, would be for the report to be published as a self-contained document produced by independent consultants on which the Government would welcome comments and that we should not accompany publication with any statement of policy. We need not, however, decide that point now. What I would propose to do, subject to any comments that you or other colleagues may have, is to instruct officials to arrange for HMSO to set up the text in print over the next few weeks so that it could be published at a time of our choosing after the election.

6. We can also return, after the election, to the possibility of arranging for the consultants to give a presentation of their work to myself and other interested colleagues.

I am copying this minute to colleagues on MISC 128 and to Sir Robert Armstrong.

Doyler Hand.

12 May 1987

BROADCASTING

BBC FINANCES

PTY

