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The Rt Hon Douglas Hurd CBE
Secretary of State for the Home Department
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David Douglas,

INDEPENDENT PRODUCERS

I am grateful to you for your note to colleagues on MISC 128 bringing us up to date with progress on this important issue after David Mellor's latest round of discussions with the BBC and IBA.

I welcome the positive attitude shown by the IBA in response to your Commons statement of last November that the Government had "the aim of seeing independent producers providing something like one-quarter of relevant programming within a period of about four years". Realistically given scheduling lead times, that period could not begin before 1988, so the IBA's intermediate target for end 1989 of between 200-400 hours of locally shown material and between 175-225 hours of network material (8-10 per cent of original network output) seems a good prompt start. However, our political commitment is to the full 25 per cent in around 4 years and I trust that any public statement by the IBA will make it clear that this is their intent, and that the mid-point review is just that and not the limit of their commitment.

I do not underestimate the undoubted difficulties the IBA will experience in seeing that some, but by no means all, ITV companies make their reasonable contribution to achieving that target. The IBA's powers to impose targets in the 1990-1992 contract provisions are obviously of crucial importance. I, for one, would want a clear answer on this before there was any Government statement to the broadcasters, so that the ITV companies could be left in no doubt of the IBA's determination to achieve the Government's targets during the 1990-92 contract period.

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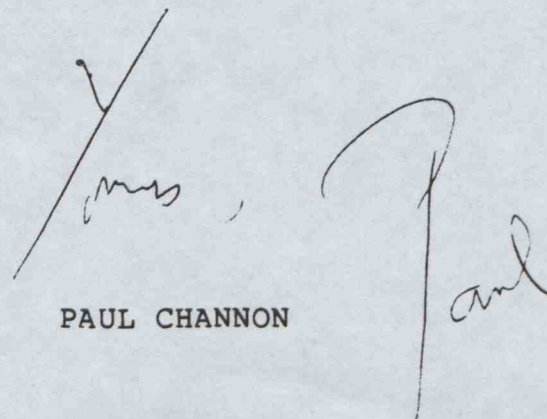
As to the BBC, where the legal position seems to be more difficult, I am much less happy. As I understand it, much of the 100 hours already provided by independent producers would not qualify as "independent production" under Peacock's definition since the producers invariably come in as freelancers and use existing BBC crew, studios and ancillary facilities. If so, the 500 network hours and the percentage of target achieved by mid-1990 could in reality be substantially lower than the approximate 8 per cent the BBC are claiming. I note too they speak of programmes commissioned rather than shown; since there can be a lead time of up to eighteen months between these two events this could mean that in reality they will only be achieving 8 per cent by the end of 1992. The BBC are also proposing to exclude from the base for calculation the substantial area of news and news-based programmes which they wish to continue making entirely in-house. I am particularly concerned about how widely "news based" programmes are defined since independents working for Channel 4 have shown themselves capable of doing a variety of current affairs programmes from which the BBC wish to exclude them totally.

Obviously some review of the cost and quality of independent production is reasonable as the BBC moves towards the full 25 per cent. But that review, whose impartiality of judgement must be unquestionable, should not delay progress towards the full target within the timescale we have laid down. The BBC's commitment to achieving 25 per cent in a three year second phase which I take to be 1992-1994 seems to me still both too insubstantial and not to meet our targets.

Consequently I am reluctant for us to say we are broadly content at the present time with the BBC's proposals, not just because of the unanswered questions I have outlined, but also because the BBC's negotiations with the independents on matters of principle are still continuing.

Equally at a time when our manifesto states unequivocally "at least 25 per cent of programmes broadcast on both ITV and BBC will be supplied by independent producers as soon as possible" we cannot afford to give the wrong signals to the broadcasters, the independent producers or the public or to be seen to be prepared to settle for a great deal less.

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



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PAUL CHANNON

BROADCASTING: BBC Finance PTU



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