



CCB/UP

BF // For next meeting of  
Misc 128, 28/10.

PRIME MINISTER

INDEPENDENT PRODUCTION INITIATIVE

Since we last discussed the independent production initiative in the Ministerial Group on Broadcasting (MISC 128) I have, as agreed, had further meetings with the Chairmen of the BBC and IBA. I explained to them that we now needed a firm commitment, which could be made public, to the achievement of our 25% target in full on a practicable and acceptable timescale. I made clear our preparedness to proceed by legislation, should this prove necessary.

2. Both the BBC and IBA have given me the commitment for which I asked.

3. The BBC has told me that it aims to commission 12% of its original output from the independent sector in the next three years and a further 13% in the following three year period, subject to suitable cost and quality being confirmed by a review after the first stage. In other words, by 1 January 1993, the date on which new ITV contracts come into force, the BBC will be commissioning at the rate for which we have asked.

4. I am satisfied that Duke Hussey, his Board and their senior management team are determined to maintain the momentum. The BBC has already commissioned 200 hours of programmes from the independent sector this year, and is working hard to find the additional finance needed during the transition to more extensive contracting-out. The BBC is also clear about the need to ensure adequate competition within the independent production sector and to seize this opportunity to cut down restrictive practices. Duke Hussey has made the point - with which the Government agrees - that we must avoid creating a third cartel of vested interests. The BBC does not at present recognise ACTT, whereas independent productions have generally so far been made under ACTT agreements. The BBC is rightly anxious to do all it can to ensure that contracting-out produces improvements in cost and efficiency rather than strengthening the position of ACTT. I accordingly

believe that there are good reasons for the BBC wanting to undertake a review of cost and quality in three years' time, but we shall need to satisfy ourselves in due course that it is a properly conducted analysis.

5. The IBA have also accepted the 25% target, and will be taking the opportunity at a forthcoming conference to make clear publicly their determination to meet it. The ITV companies have made a good start in moving towards the target. Over £20 million has already been committed in commissions. As recorded in my minute to you of 19 May, the first stage of the IBA's plans envisages the commissioning of about 12% of original output by the end of 1989. Subject, like the BBC, to confirmation of cost and quality, the plans now provide for 25% of original output transmitted by the end of 1992 to be supplied by independent producers. The new contracts starting on 1 January 1993 will therefore be advertised on this basis.

6. Tim Renton and I have had extensive discussions with the ITV companies themselves about this process. They are committed to making a success of the initiative, and, like the BBC, wish to seize the opportunity to secure the prizes of greater efficiency and an escape from restrictive union practices. The negotiations on business arrangements with independent producers will therefore, rightly, be tough; but they are being conducted within the guidelines laid down by the IBA to ensure fair terms on copyright and related matters. The IBA is monitoring progress.

7. We obviously need to ensure that the way in which the BBC and IBA are interpreting the 25% target is reasonable. The BBC is taking the annual number of broadcast hours to which the target relates as all original programming on both network and regional services excluding news and directly news-related material; repeats; and continuity. The category of news-related material includes only programmes (e.g. "Newsnight") directly dependent on the news-gathering infrastructure: current affairs programmes such as "Panorama" will in future be in the category open to independent production.

8. The IBA's interpretation is in essence the same, although reflecting the federal nature of the ITV system. All original network programming will count towards the target except material provided by ITN; continuity; and the news-related studio output of TV-AM (other TV-AM programming, such as children's features, will be open to independent production). All original



regional service programming will count except that provided out of ITV newsrooms. The IBA believes, however, that even in the regional news area independent producers may have a contribution to make (as LWT has shown) although for the time being the IBA regards this as additional to the 25% target.

9. I believe that the approach to which the broadcasters have now committed themselves represents a positive and, if delivered, satisfactory response to our initiative. I hope that it may in the event prove unnecessary to legislate to achieve our target; and indeed entrenching it in legislation could produce unhelpful rigidity and inflexibility. The best outcome will be if the initiative develops its own momentum, so that no regulatory intervention by Government is needed. However, we do not need to reach a conclusion on that at present, still less to let it be known. We shall continue to monitor the situation carefully, making it clear that we are willing to legislate if necessary. In the meantime it will be prudent if we ask our officials to continue the preparatory work we have previously put in hand in case legislation should prove necessary.

10. Subject to your views and those of colleagues on the Ministerial Group (MISC 128), to whom I am copying this minute, together with Sir Robert Armstrong, I would propose to announce our endorsement of the broadcasters' plans in due course, the timing to be considered in the light of decisions about a broadcasting White Paper and related matters.

*Colin R. Miller*

*Approved by the Home Secretary  
and signed in his absence*

16 October 1987

Broadcasting! BBC financing PT5.

