



bc: BG

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

21 January 1988

Dear Sir,

INDEPENDENT PRODUCTION INITIATIVE

The Prime Minister has seen and is content with the draft letter for the Home Secretary to send to Mr. Darlow, attached to your letter of 19 January.

I am copying this letter to the Private Secretaries to the other members of Misc 128 and to Trevor Woolley (Cabinet Office).

Yours,  
Paul

Paul Gray

C. R. Miller, Esq.,  
Home Office.

DLG



From: THE PRIVATE SECRETARY

*CCB*



*Prime Minister*

HOME OFFICE  
QUEEN ANNE'S GATE  
LONDON SW1H 9AT  
19 January 1988

*Contact with  
no draft reply?*

Dear Timothy,

*RRCC  
rot.*

*Yes not*

INDEPENDENT PRODUCTION INITIATIVE

*attached*

The meeting of the Ministerial Group on Broadcasting (MISC 128) on 18 December invited the Home Secretary to prepare, in consultation with your Secretary of State, a revised reply to Mr Darlow of the Independent Access Steering Committee and to clear it in correspondence with the Group. As you will know from my letter of 22 December, the Home Secretary sent a holding reply to Mr Darlow on that date. Subsequently, Mr Darlow has written to Home Office and other Ministers outlining in more detail the background to the breakdown of negotiations with the ITV Association.

As you will have noted from press reports, the IBA has since proposed that the Authority should determine a financial framework for the commissioning process. The Home Secretary understands that the ITV Association has agreed to the IBA proposal, and that the independent producers regard it as a constructive development. Further discussions are expected to take place over the next two or three weeks.

The Home Secretary believes that this would be a convenient opportunity for him to reply to the outstanding letters from Mr Darlow. In doing so, it would be necessary to forgo for the time being any reference to Ministers' thoughts on requiring the BBC and IBA periodically to publish information about the contracts made with independent producers. The Home Secretary suggests, however, that this point might be made at a later stage in the light of eventual decisions in MISC 128.

A draft letter, which follows the broad lines of one discussed earlier with DTI officials but updated to take account of the IBA initiative, is attached. Mr Renton is to see representatives of the independent producers on Monday 25 January, and would take that opportunity to reinforce the message in the attached letter. In view of that impending meeting, it would be helpful to know by close of play on Thursday 21 January whether your Secretary of State and other members of MISC 128 are content for the Home Secretary to write as proposed. I am copying this letter and enclosure to the Private Secretaries to the other members of MISC 128 and to Trevor Woolley (Cabinet Office).

*Yours ever,*

*Chris*

C R MILLER

DRAFT LETTER FOR SIGNATURE BY THE HOME SECRETARY TO:

Michael Darlow, Esq  
Head of Negotiations  
Independent Access Steering Committee  
74 Newman Street  
LONDON, W1P 3LA

Thank you for your letter of 8 December and for your letter of 11 January to Tim Renton. You also wrote in similar terms to Ministerial colleagues. I am grateful to you for keeping us in touch with developments, and I am replying for us all.

We were naturally disappointed at the news of the breakdown in negotiations with the ITV Association, especially as shortly thereafter there was the welcome news of the conclusion of your terms of trade with the BBC.

As I understand it, the ITV Association is committed, with the IBA, to achieving the Government's 25% target by 1993. The issue concerns the business arrangements under which these programmes are being and are to be commissioned. The Government is not of course a party to these arrangements. We nevertheless have a close interest in them; as you rightly indicate, our aim in setting the 25% target was to encourage the early development of a fair and competitive market for the supply of television programmes.

It is clearly important that the terms on which commissions are offered are fair, having regard to the nature of the product and market conditions. The guidelines for the commissioning of programmes published by the IBA last year were intended to make it easier to achieve this. The guidelines were broadly welcomed by all concerned. The IBA remains committed to them, and to reviewing ITV commissions against them.

/As you



As you will know, competition law already provides machinery for examining complaints of the abuse of market power. Independent producers or their Associations on their behalf might therefore consider bringing any concerns about specific commissions to the attention of the Director General of Fair Trading.

More recently, and against the background of the commitments to which I have referred, the IBA has as you will know suggested that the Authority should determine a financial framework for resolution of the outstanding issues. The Authority has been in touch with the parties about the possibilities of making progress on this basis. While I would not wish to rule out legislation at a later stage, I believe that the IBA's initiative is a constructive step, to which I hope both the ITV Association and your Committee will feel able to respond in a positive way. We shall keep in close touch with developments, and Tim Renton will discuss these matters further with you when you and he meet on 25 January.

I am sending a copy of this letter to David McCall on behalf of the ITV Association and to Lord Thomson.

