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10 DOWNING STREET
LONDON SW1A 2AA

8 June 1988

From the Private Secretary

Dear Catherine,

TRANSFER OF TERRESTRIAL SERVICES TO DBS

The Prime Minister was grateful for the Home Secretary's minute of 6 June and the enclosed aide memoire for tomorrow's discussion with BSB. She has also seen the Chancellor of the Exchequer's letter of 6 June.

The Prime Minister is content for the Home Secretary and the Secretary of State for Trade and Industry to use the aide memoire for the meeting with BSB, on the basis that these are purely exploratory discussions. As recorded in Andy Bearpark's letter of 2 June to Jeremy Godfrey, the Prime Minister continues to feel that a possible transfer to DBS should not be pressed upon BBC2, but she is content for both the BBC and the IBA to be informed of the discussions soon after the meeting with BSB. Indeed the Prime Minister thinks it would be helpful for a low key public announcement of these exploratory discussions to be made at an early date.

The Prime Minister was also grateful for the Home Secretary's comments on the possible consequences of a transfer of BBC2 to satellite on the cost of the BBC television licence. She has noted that this could involve a number of important and difficult implications, and agrees it will be necessary to return in due course to all the policy issues raised by the exploratory discussions.

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

*Yours sincerely,
Paul Gray*

PAUL GRAY

Miss Catherine Bannister,
Home Office.

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