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10 DOWNING STREET  
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11 September 1989

From the Private Secretary

Dear Catherine,

CHANNEL 4

Thank you for your letter of 17 August to Caroline Slocock which the Prime Minister has now had chance to consider. She has also seen Duncan Sparkes' letter of 4 September recording the Chancellor's views.

The Prime Minister is content with the Home Secretary's revised proposals for the procedure to be adopted if Channel 4 were to receive revenue in excess of its 14 per cent budget baseline.

She is, however, concerned about the proposals for the appointment of the Trustees and for the relationship between the Trust and the operating company. She feels that the proposals give too little responsibility to the Trustees, and that they should be made responsible for the whole of Channel 4; while the Management Board should run it on a day-to-day basis, in so doing they should implement guidelines set down by the Trustees. She thinks this will be difficult to achieve if the Trustees are made a legal entity which is separate from the Channel 4 company, and she would therefore prefer a single legal entity. If there are compelling reasons why this is not possible then she considers that the licence should be held by the Trustees and not by the Management.

As regards the appointment of the Trustees, the Prime Minister does not consider it would be appropriate for up to 7 out of the total of 9 either to work for Channel 4 or be appointed by the ITC. She considers that rather than the ITC having the power to appoint the majority of the members of the Trust, these appointments should be made by the Government, taking into account the need for people to be drawn from different areas of public life.

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

Yan.  
Pai  
PAUL GRAY

Miss Catherine J. Bannister,  
Home Office

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