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HOME OFFICE  
QUEEN ANNE'S GATE  
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17 August 1989

*Dear Caroline*

**CHANNEL 4**

*attached* *PP's from flap e p 8.*  
At MISC 128 on 6 June the arrangements for the organisation and funding of Channel 4 after 1993 were agreed. The Home Secretary announced these arrangements in his statement to the House of Commons on 13 June. He has now given further thought to the practical implementation of the decisions taken by MISC 128 and this letter seeks agreement to a number of further proposals.

Although ownership of Channel 4 is to be vested in a Trust, the Home Secretary feels that it is important to make it clear that the Trustees will not, themselves, be responsible for the day to day operation of the Channel 4 company. He considers that just as the BBC has a Board of Governors and a professional Board of Management, so the Channel 4 organisation should be a two tier arrangement, with the Trustees owning a company which would have its own Management Board. The Trustees would have the ultimate responsibility for ensuring that the Channel 4 remit was fulfilled and should also take responsibility for strategic decision making, including oversight of appointments to the company and supervision of the reserve funds. The Channel 4 company, on the other hand, would operate as the broadcaster and be responsible for the day to day management and editorial policy of the Channel. On this basis, the Home Secretary considers that the Channel 4 company should be licensed by the ITC, and that the Trustees, as shareholders, should ensure that the Channel 4 company maintains its remit. This is analogous to the arrangement proposed whereby the ITC licence will be held by the operating companies, rather than by their shareholders.

/The Home Secretary

Ms Caroline Slocock  
Private Secretary  
10 Downing Street  
LONDON SW1

The Home Secretary considers that, with a two tier structure of this kind, there must be adequate provision to tie the company and the Trust together by clear cross membership. He therefore proposes that the Trust should consist of between seven and nine members, two of whom would be the Chairman of the Management Board (or in his absence the Deputy Chairman) and the Chief Executive of the Channel 4 company. Two of the remaining members would be appointed by the Government and the rest by the ITC. The appointed Trustees would themselves appoint the non-executive Chairman of the Channel 4 Management Board and its Chief Executive, and the Trust as a whole would appoint the remainder of the Management Board. Powers of appointment would include the power to dismiss. The Home Secretary thinks it important that the ITC should have power to appoint and dismiss a majority of the members of the Trust, since without such a power the ITC would have very little scope for sanctions in the event of the remit not being preserved. It will also in his judgment be desirable for the Government to distance itself as much as possible from these appointments, and for that reason would expect the Government appointees to be selected as far as possible on the basis of nominations invited from other bodies such as the Arts Council.

Finally, the Home Secretary considers that a change should be made to the procedure to be adopted if Channel 4 were to receive revenues in excess of its 14% budget baseline. Under the original proposals agreed by MISC 128, 50% of any excess would be paid to the Channel 3 companies, and the remaining 50% would be held by the Trust in reserve to be used in the event of future deficits. The Home Secretary considers on reflection that this gives insufficient incentive to Channel 4 to earn in excess of 12% of terrestrial NAR. He therefore proposes that, as before, 50% of any excess should be paid to the Channel 3 companies (as a quid pro quo for the underpinning which they would be required to supply in the event of Channel 4 earning less than 14% of terrestrial NAR) with the remaining 50% going to Channel 4. But instead of requiring the whole of the Channel 4 share to go to reserves, only half would have to be so placed, while the remainder, or any part of it, could go to the Channel 4 company at the discretion of the Trustees for investment in new programming. The Home Secretary sees this as a means of providing a necessary incentive to Channel 4 to maximise its earning revenue capability. He also takes note of the revenue projections which suggest that any excess of revenue is likely to arise in the early years, while in the later years Channel 4 may need to call on the underpinning arrangements. An

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ability to spend more on programming in the early years would, therefore, give Channel 4 the ability to build up its audience during that time so as to minimise the likelihood of subsequent call on any underpinning arrangements.

I am sending a copy of this letter to the Private Secretaries of other members of MISC 128, and to Sir Robin Butler.

Yours sincerely  
Catherine Bannister

MISS C J BANNISTER

[BARONESS FAITHFULL.]

*Offenders Suffering from Psychopathic Disorder.* In it they suggested that psychopaths should no longer be able to be dealt with under the Mental Health Act but should be absorbed by the penal system, from which they could be transferred to hospital if this was felt to be necessary. This suggestion met with opposition and has not been followed up. Is the suggestion likely to be followed up? We realise that in this connection there are problems of justice and safety.

The second type of offender is the minor offender—the chronic schizophrenic or irresponsible nuisance who might be called a psychopath. Both types can now be dealt with by hospital order. The trouble is that they become known to their local psychiatric hospitals and are such a nuisance that they are refused admission. The court cannot make an order, and in the face of a long penal history it has little option but to commit them to prison. In the present prison conditions of tremendous overcrowding this is no solution.

We have managed to bring down the number of juvenile delinquents appearing before the courts and the number of juvenile delinquents who are committed to penal institutions. This has been achieved by good relationships between the probation and social work departments and the police. In a number of cases the children have not been charged and alternative arrangements—most notably, intermediate treatment—have been made for them in the community. Is it not possible for some of the less serious cases—I say “the less serious cases” because obviously the serious cases have to come before the courts to be tried and dealt with in the ordinary way—to be dealt with in the community in a different way? There are perhaps an enormous number of people in prison, particularly on remand, who could be dealt with in this way. We would then not have to build the huge number of prisons to which the Minister referred earlier this afternoon at Question Time.

People ask how this can be done. I suggest that there are outstanding organisations in this country which to some extent are dealing with the problem. I refer to the Church Army, the Salvation Army, Hostels for the Homeless, an organisation chaired for a long time by the vicar of St. Martin-in-the-Fields, the Simon Community and the Cyrenians. Instead of giving so much money for the building of new prisons, might it not be more suitable to ask those organisations to administer hostels in the community to deal with people involved with less serious cases as an alternative to sending them to prison. I refer in particular to bail hostels, which were mentioned earlier this afternoon by the noble Baroness, Lady Sear. Do we use the community, the people in the community and the facilities in the community in the way that we should?

I have told the following story to the House once before but I feel I must tell it again because it emphasises what I mean. Every year old Joe used to come and wish me a happy Christmas. He always came two days before Christmas. I used to say, “But Joe, it isn’t Christmas yet”. He said, “Yes, but I have duties to do”. On that evening I would read that he

had clocked a policeman, and clocked him fairly badly, so that he could spend Christmas in prison. He had nowhere else to spend Christmas. We would not want to see the return of the old Poor Law Acts, but when we lost the poor law institutions we also lost the casual wards.

I would not wish to bring back the casual wards but perhaps I may remind your Lordships about them. Every poor law institution in the country had a casual ward which accommodated about 12 people. They were roughly 25 miles apart. One could travel from John O’Groats to Cornwall and be sure that every 25 miles one could find somewhere to sleep that night. This was well outlined in the *Autobiography of a Super Tramp*. The casual wards had accommodation for about 12 men. At Christmas, instead of having to clock a policeman and get into trouble, the men would fall back on the casual wards. They got to know the staff of the wards. I know a number of schizophrenics and mentally-disturbed people who hitched on to the casual ward as a kind of lighthouse. They stayed there when they could bear life no longer. The casual wards did a magnificent job but one would not want to bring them back.

Instead of spending so much money on Christmas, could not the Government allocate it to the magnificent hostel organisations, with their outstanding voluntary workers? Those disturbed people could be organised through the local authorities, and every authority would have in its area a hostel or hostels to meet this need. We need to have a completely different view of many of our prisoners. A great many of them need not go to prison at all. However, we have to have the facilities for them. If we made such an appeal to the hostels we would have to give them the money to carry out the work we would want them to do.

Having said that, I should like to pay tribute to the prison staff who at present look after mental patients of the two types that I have enumerated. They have to do so in overcrowded cells, not having received any special training and without the provision of adequate help. I should also like to pay tribute to the staff in the psychiatric hospitals. I think that the work they carry out is quite outstanding and the mixture of people with whom they have to deal is extraordinarily difficult.

I have not attempted to deal with the very severe types of mental illness with which the noble Lord, Lord Allen, and others can deal far better than I. But on the less serious cases, I ask my noble friend the Minister whether we can look at the matter quite differently and have quite a different type of help available. I also ask whether we could not have some cases not coming before the courts at all but being helped in the community by the community.

### Broadcasting White Paper

4.1 p.m.

**Earl Ferrers:** My Lords, with the leave of the House I should now like to repeat a Statement about

Another point has been brought before me by these well-informed bodies. Has the Minister any information on the ethnic breakdown of prisoners transferred under Section 47? There is a growing suspicion that ethnic minorities are being maltreated under this section. I report what I have been told by these expert bodies. There is a growing suspicion that ethnic minorities are being transferred under the section. When I speak of MIND I am sure that everyone knows the famous society of that name. There is a growing suspicion not only in MIND about the mental health care of prisoners on remand. I have time only to mention two cases. Keith Hicks, aged 38, died in Brixton Prison on 12th March 1985. It was treated as a death following an epileptic fit. The handling of the case by the coroner gave rise to much criticism and after an appeal to the High Court a second inquest was held. The verdict of the second inquest was accidental death, aggravated by lack of care.

The second case concerns Samuel Carew who died in the same prison on 5th February this year, aged 22. He was found hanging in his cell. At Southwark Coroner's Court the verdict was suicide. The coroner was moved to remark:

"There is a terrible rottenness in the system that needs rectifying".

The coroner set out a list of recommendations that I hope are available to the Minister. If they are not, I can supply him with them. I content myself now by asking the Minister what steps are being taken to give effect to at least some of the recommendations of the coroner.

I am close to concluding what I have to say. There are many matters that should be taken up with the Government. I am sure that some will be effectively dealt with by other speakers. There is the far-reaching question of psychiatric assistance within the prison system. I am not saying that anyone with a psychiatric problem should be transferred at once to hospital. The prison psychiatric service has to cope with many cases. The noble Lord, Lord Donaldson, has great experience of these matters and I hope that he will be able to deal with some of the problems. I am sure that the noble Lord, Lord Allen of Abbeydale, will return to the deplorable story of the regional secure units and that he will bring us up-to-date with the latest news from Broadmoor which I expect will be very bad, though I may be pleasantly disappointed.

There is one major issue that deserves a debate of its own: the after-care for patients who have been in special hospitals. That leads one to question of after-care for ex-mental hospital patients. I chaired a committee on this subject some years ago and Lord Beswick, a great worker for these causes, opened a debate in the House. The subject is too wide for me to deal with it further today. However, the noble Earl, Lord Shannon, who is chairman of the Matthew Trust, may have something to say on that and other matters.

Ex-prisoners are protected after a certain number of years from references to their time in prison. It is a source of deep pain to those who have been in special hospitals and those who care for them that a similar protection is not extended. An additional

point is that persons who have been in special hospitals are sometimes referred to as ex-patients of a criminal lunatic asylum. I have in mind something that was written recently in a highly reputable paper. Two points arise here. The first is any reference at all to their having been in a special hospital and, secondly, to their being described as having been in a criminal lunatic asylum—a total misnomer and one that has been so for many years. I hope that the Government and the noble Earl, Lord Shannon, will say something further about that. I hope that the Government will consider introducing legislation to make sure that the same kind of protection accorded to ex-prisoners is accorded to ex-patients of special hospitals.

I have hardly done more than touch upon the fringe of this baffling and often tragic subject. I hope however that the House feels, as I am sure it will after it has heard the other speeches, that this matter should be explored far more deeply and accurately. I hinted earlier that I believe this subject is avoided because it is so difficult. People turn away from it: I believe that is unworthy of a society that still claims, with some justification, to be Christian.

3.49 p.m.

**Baroness Faithfull:** My Lords, again we must thank the noble Earl, Lord Longford, for bringing this matter before your Lordships' House. We must admire his persistency in doing this. I cannot remember exactly how many times he has done so but I believe it is a number of times. We congratulate him and we are also grateful to him.

I believe that the most helpful books that have been written on this subject are that by Nigel Walker and Mrs. McCabe called *Crime and Insanity* (volume 2) and Larry Gostin's book, *Human Condition of Mind*. The two books make many recommendations but they have not yet been implemented.

For the purposes of my speech I should like to define the words "mental" and "offenders". We are discussing today what steps the Government are taking to provide more effective treatment for mental offenders. Offenders are those who have transgressed the law or who are alleged to have transgressed the law. When we try to define the word "mental" we run into problems and we have to turn to Part I of the Mental Health Act 1983 for a definition. The word "mental" can refer to several different areas—mental disorder, severe mental impairment, psychopathic disorders and arrested mental impairment.

I shall divide mental offenders into two sections. First, there are the gravely ill psychotic or psychopathic offenders who commit serious offences and need treatment in secure conditions. How secure should those conditions be, and for how long should the treatment last? The Mental Health Act 1983 made it possible for those who had committed serious offences to be discharged by mental health review tribunals if their consultant said that they no longer needed or were unable to benefit from treatment. This does not usually happen without the approval of the Home Office and the Department of Health, but it could happen. That is why the two departments issued in 1986 consultative document entitled

the Government's plans for broadcasting legislation. The Statement is as follows:

"I have laid a White Paper before the House today.

"Our broadcasting system has a rich heritage, which is a tribute to the efforts and enterprise of the broadcasting authorities and all those professionally engaged in the broadcasting enterprise. Our proposals seek to build on these achievements in developing services of quality, range and popularity.

"Broadcasting is changing fast and this change makes possible a much wider choice for the viewer and listener. The viewer should not be denied this choice. That is our starting point. The Government should not seek to lay down a blueprint for the future by picking favoured technologies. Rather we propose an enabling framework with increased opportunities for additional channels as the customer determines. Several dozen television channels and possibly several hundred radio services may be in prospect.

"Subscription, which enables the viewer to signal his preferences to the broadcaster directly, will have a greater role to play. There will be a greater separation of the different activities making up broadcasting, including programme production, the assembly of individual programmes into channels, and transmission and service delivery.

"The ownership of commercial television and radio should be widely spread. The White Paper contains detailed proposals to ensure that control of television and radio services is not concentrated in the hands of a few groups or individuals and to prevent excessive media cross-ownership. The Government are determined to keep the market open to newcomers, and to prevent any tendency towards editorial uniformity.

"Safeguards on minimum standards are needed to protect viewers and listeners from shoddy wares and exploitation. Subject to these, they should be able to exercise greater choice over what they hear and see. While some important positive programming obligations are retained, we envisage a substantial liberalisation, particularly of the ITV system, and greater reliance on the viewer, rather than the regulator, to sustain range and quality.

"These are the principles which have guided us. Our thinking has been influenced at many points by the Peacock Report [*Report of the Committee on Financing the BBC*, Cmnd. 9824, July 1986], and by the admirable report in June of the Home Affairs Committee of this House. I hope that right honourable and honourable Members will read the White Paper in full, but I offer the House now an outline of our main proposals.

"We propose that a new fifth channel, with 65 per cent. to 70 per cent. national coverage, should be authorised to begin broadcasting at the start of 1993. Different companies could provide the services at different times of the day but the channel will be nationally based. A sixth channel will also

be authorised if technical studies show it to be feasible.

"We propose a new flexible framework for the development of multi-channel local services through both cable and microwave transmission, known as MVDS. This will make possible a further extension of viewer choice. It will also provide new opportunities for local television in cities and for television services catering for minority interests.

"British Satellite Broadcasting plans to start its three channel Direct Broadcasting by Satellite (DBS) service next autumn. The Government gave BSB an undertaking last year that the United Kingdom's fourth and fifth DBS channels would not be allocated until BSB's service had been in operation for at least three years. BSB has recently said that it would be willing to see this moratorium lifted. Accordingly, the United Kingdom's two remaining channels will be advertised early next year. So five high quality DBS channels should soon be available to British viewers.

"Viewers will continue to be able to receive other satellite services directly, including those from proposed medium powered satellites. We continue to work for international agreement for the supervision of programmes in such services and shall propose to Parliament sanctions against any unacceptable foreign satellite services received here.

"The present ITV system will become a regionally based Channel 3. Licence-holders will, for the first time, have a statutory obligation to provide regional programming, including programmes produced in the region.

"Channel 4's distinctive remit will be retained and reinforced to sustain high quality programmes in the commercial sector. We consider that after the necessary legislation advertising on Channel 4 should be sold separately from that on Channel 3. Subject to these points, the White Paper sets out options on the future constitution of Channel 4. The Welsh Fourth Channel Authority will continue in essence unchanged.

"All these commercial television services will be free to decide their own mix between advertising and subscription funding, and will have greater freedom to raise money through sponsorship, subject to proper safeguards. All will be subject to consumer protection obligations regarding programme content. Most commercial television licences, including all those for Channel 3 and Channel 5 services, will be allocated by competitive tender subject to a quality threshold. Operators of Channels 3, 4 and 5 will be expected to show high quality news and current affairs programmes dealing with national and international matters and to show the news (and possibly also current affairs) in main viewing periods. Channel 3 and Channel 5 will be expected to provide a diverse programme service appealing to a variety of tastes and interests, to ensure that a minimum of 25 per cent. of original programming came from independent producers, and to ensure that a proper proportion of programme material is of EC origin.

[EARL FERRERS.]

"There will be one additional requirement affecting Channel 3 only. There will be continued provision, like that which brought ITN into existence, to ensure that there is at least one body effectively equipped and financed to provide news for Channel 3.

"There will be safeguards for the continued provision of a schools programmes service.

"The Government agree with the Home Affairs Committee that a new agency, which might be called the Independent Television Commission, should be established in place of the Independent Broadcasting Authority (IBA) and the Cable Authority to license and supervise all parts of the commercial television sector. It will be able to operate with a lighter touch than the IBA, and without the IBA's detailed involvement in scheduling, but will have strong sanctions against failure by its licensees to live up to their licence conditions.

"The BBC will be expected to continue to provide high quality programming across the full range of public tastes and interests.

"The Government look forward to the gradual introduction of subscription on the BBC's television services and to the eventual replacement of the licence fee, which will, however, continue at least for some time to come. We propose that the night hours from one of the BBC's channels should be assigned to the ITC for allocation, like other licences by competitive tender. The BBC would keep the other set on the basis that it used it as fully as possible for making a start in developing subscription services.

"We envisage that the part played by independent producers in programme-making in the United Kingdom will continue to grow, as future licensees will be free to operate as publishers, without programme production capacity of their own. We believe that the transmission infrastructure should be separated from the programmes services.

"The Government propose to proceed with the plans I announced to the House on 19th January for the deregulation and expansion of independent radio, under the light touch regulation of a new radio authority. There will be scope for three new national commercial stations and as many as several hundred local services, including community radio stations.

"The Broadcasting Standards Council, established to reinforce standards on sex, violence, taste and decency, will be placed on a statutory footing. We propose that the exemption of broadcasting from the obscenity legislation should be removed at the earliest opportunity.

"These are the main proposals set out in the White Paper. We aim to ensure that viewers and listeners have greater freedom of choice from a more varied output of programmes, including programmes of high quality. British television has a deservedly high reputation in the world. We

expect to see that reputation grow with the new opportunities which are now in sight.

"The House will have an opportunity to debate the proposals before they are put into legislative form. We shall also take careful note of views expressed outside the House. We shall then bring forward legislation".

My Lords, that concludes the text of the Statement.

4.12 p.m.

**Baroness Birk:** My Lords, I apologise to the Minister for not being here when he rose to his feet. I had not been informed that the Statement was about to begin. From these Benches we welcome the aspirations for broadcasting and recognise that some changes are needed. Unfortunately the proposals, as read out by the Minister in the Statement and spelt out in the White Paper, which we shall need time to consider, are highly unlikely to achieve anything near the target that he has described to us.

The Statement refers to:

"a much wider choice for the viewer and listener."

It continues:

"The viewer should not be denied this choice. That is our starting point."

However, more channels do not necessarily mean more choice. The work done by the Broadcasting Research Unit shows that there is no great pressure for more channels. Evidence from overseas indicates that unless great care is taken and real gaps are filled more choice, more often than not, means more of the same. Anybody who has seen American television will know exactly what I mean. People change from channel to channel and find the same kind of programmes, of a very poor quality on the whole, on the various channels. I hope that the Government will consider this matter very carefully before they legislate.

Subscription plays a great part in the scenario and, we are told, will have a greater role to play.

As I understand it, nowhere in the world is subscription broadcasting successful, except for specialities such as feature films. That is one of the reasons why many of us were very concerned about subscription when we discussed the Peacock Committee Report.

I turn now to franchises. If there is to be an auction for them, how are we to keep a grip on quality control when we are told that the new body that is set up to take over from the IBA is supposed to act with a "lighter touch"? I do not know whether the Minister can help me by defining more specifically what a "lighter touch" means. Broadcasting quality control is difficult enough with a heavy touch. We saw what happened to TV-AM which came under the authority of the IBA with its so-called heavier touch. That body agreed that quality control, even with a heavier touch, was extremely difficult. It seems to me that the phrase "lighter touch" is another way of expressing the phrase *laissez faire*. I should be pleased to have guidance on how we can improve on broadcasting quality with a lighter touch.

The Statement, the White Paper and the Government's remarks show the Government's concern to do away with regulation where they can, certainly as regards commercial television. But one of the great advantages of broadcasting in this country, which was brought out time and time again in this House when we debated the Peacock Committee report, was that both participants in our duopoly were concerned with public service broadcasting. I stress strongly that it is no good, certainly for broadcasting in this country, for the BBC to be considered the sole bastion of public service while public service disappears from the commercial channels. I am aware, as the Minister explained to us, that obligations will be laid on Channel 4, and for educational and some other programmes on other stations. But if Channel 4 has to seek its own advertising, how can we be sure that it will be able to continue with its minority programmes in view of the financial squeeze in which it might find itself?

If the BBC is left on its own as the one saviour of public broadcasting, it will lose audiences because it will be stuck in a kind of public service ghetto. Fewer people will watch it because of the competition from other channels. There will not be the situation that now exists in commercial television where a balance is compulsory and where a comedy can be followed by a documentary. There would be no call for a channel delegated to public service only. That seems a very dangerous road to go along. In the long run that road could be to the detriment of the BBC. If that situation occurred, questions would be asked in Parliament about why Parliament should be supporting the BBC when the demand for its programmes appeared to be declining. If commercial broadcasting is left without any firm regulations governing it at all, we shall find that the whole tenor of our broadcasting will decline. We shall be left with a very inferior type of programme in comparison with what exists at the moment.

Broadcasters around the world are astonished that we are doing away with a regulatory system when they consider that we have been so successful. The report of the Home Affairs Committee in another place referred to our broadcasting as "the least worst in the world". Nevertheless our broadcasting is still very much better than anyone else's. There is room for changes, but many of the changes that are proposed may result in a great deterioration in our broadcasting, and particularly in our television. However most of what has been said in the Statement applies to radio as well.

I wish to ask the Minister one or two questions. It is made clear that take-overs will be permitted. What kind of control will be exercised over those take-overs? Will our broadcasting system be treated as some commercial commodity that can just be bought in? If that is the case, the criterion of quality will disappear altogether and it will become a matter of finance.

Secondly, what does the noble Earl mean by sponsorship? It seems to me that the whole country will be run on sponsorship soon. We are trying to get sponsorship for the arts and sponsorship for charities. Now we hear that Channel 4 will also be

expected to rely partially on sponsorship. Thirdly, if the idea is to increase the amount of advertising available, are the Government thinking in terms of increasing the number of minutes for advertising in each hour? At the moment we have seven minutes in the hour over the whole day and eight minutes in the hour at peak time. To accommodate this increased broadcasting, are we going to fall into the same horrible trap that again we see in American broadcasting where the advertisements seem to come in every few minutes and in the end one can very seldom tell the differences between the advertising and the programme itself?

It is impossible to go through everything in the White Paper in detail, but, as the Minister said, we shall no doubt have a chance to debate it at some time, I hope in the near future. In the meantime, I regret to have to say that it appears to represent a triumph of free market criteria over broadcasting criteria.

**Lord Bonham-Carter:** My Lords, I also wish to thank the noble Earl, Lord Ferrers, for repeating the Statement which has been made in another place on the very important and complex matter of the new changes which are to be introduced into broadcasting, television and radio. This is an extremely complicated subject. The Statement which we have heard covers a very wide variety of matters. We have not had the opportunity yet to read the White Paper; therefore any considered judgment and our views of this must wait until we have that opportunity.

However, as the noble Baroness said, the White Paper raises a number of critical questions about the principles which Her Majesty's Government feel necessary to apply to the development of television and broadcasting in the light of the new technologies. Those technologies will open up the possibility, but not the certainty, of much wider choice to viewers and listeners. The wider choice could not merely be to majority viewers and listeners but also to minority viewers and listeners. This could provide—but not in the proposals which have been made today, with the exception of the Welsh—for regional listeners to be looked after as they might be.

I must confess that I can only regard any statement made by the present Government on television with some suspicion in the light of the campaign which has been conducted and carefully orchestrated over the last few years against first the BBC and then the IBA. The strategic purpose which lies behind this campaign is to me fairly transparent. It seems to me to be obvious that what the Government want to do is to produce a broadcasting and television system which is as much like the present press as possible; that is overwhelmingly Conservative in ownership, overwhelmingly supportive of the present Government in their ideology. Of course there is the lighter touch to which the noble Baroness referred. The failure throughout the Statement, as far as I can see, to use the words "public service", which appear in the eyes of the Government to be dirty words, will with the lighter touch make this far easier.

That having been said, we must always be thankful for small mercies. I wish to congratulate the Home



[LORD BONHAM-CARTER.]

Secretary on having preserved Channel 4. I should like to congratulate him on having preserved ITN and I suppose one must congratulate him on having failed to give a date when the licence fee will be abolished for the financing of the BBC. It is my view that the licence fee could well be maintained in the medium term. It is unpopular in a sense, as all taxes are unpopular, but it is the best way that has yet been found of financing public service television which maintains the high standards which have been acknowledged in the world at large. As the noble Baroness said, as the Peacock Report says and as the noble Earl's Statement indicated, British broadcasting has a worldwide reputation for the standard and quality of its product. It seems to me extraordinary that any government should jeopardise this unless forced to do so.

The present proposals indicate not the execution of the BBC, which at one time seemed possible, but its euthanasia. The rich heritage of broadcasting to which the noble Earl referred depends on the example set by the BBC and the IBA. I must repeat that the lighter touch will lead not only, I suspect, to lower standards—or the wider choice which the Statement optimistically referred to which is not noticeable in the popular press and nor is it noticeable, as the noble Baroness indicated, in other television services. What I suspect we shall get is an even greater outpouring of quiz shows and "soaps".

As for the Broadcasting Standards Council, it is becoming increasingly ludicrous as a body whose standards are more and more obscure. I do not know how many noble Lords had the opportunity to see a programme on Channel 4 last week in which the noble Lord, Lord Rees-Mogg, was asked about the standards he would apply in his new job. I do not understand why sex and violence are put in the same box. They seem to me rather different matters, one of which is generally regarded as pleasureable, the other as unpleasureable. I regret that the noble Lord is not here today. I have great respect and admiration for him. However, I do not understand why of all the people in this country he is the one man who can tell us what it is acceptable for us to see and what it is not acceptable for us to see in these matters in which I did not know that he had expertise.

It looks to me as though the Broadcasting Standards Council is to be the Hayes Office multiplied by the Lord Chamberlain. The noble Earl's definition of what would be acceptable in the broadcasting of sex was interesting. Romeo and Juliet sex, he said, was quite all right; explicit sex was unacceptable. Then there came a third grey area which was called "groping sex". He said that groping sex would have to be gone into with some care. It struck me that the Broadcasting Standards Council was groping for a role.

There was one omission from the Statement which I found interesting. The External Services, one of the glories of British broadcasting, were not mentioned. I should like an assurance from the noble Earl that the External Services will continue to be financed adequately and that they will continue to be allowed to act independently. It must be said that the recent

order on transmission of broadcasting by terrorists will somewhat limit their capacity. They have spent a great deal of time broadcasting terrorists to other countries, if not our own.

I very much look forward to the debate we shall have on the White Paper, which I hope will be soon, before the Government's mind is set in concrete as to the type of legislation they propose. I also hope that before long we shall have an opportunity to debate the censorship on the transmission of broadcasts by Sinn Fein and the UDA. This is a very difficult matter but one which I think this House should consider.

4.30 p.m.

**Earl Ferrers:** My Lords, I am grateful to the noble Baroness, Lady Birk, and the noble Lord, Lord Bonham-Carter, for the very cautious welcome they have given. I agree with the noble Lord that there are certain elements on which we can agree. I agree with him totally that the subject is very complicated. The noble Lord prudently said that he had not yet read the White Paper and therefore found it difficult to comment. However, in spite of his not having read it, I thought that the noble Lord commented on it with extraordinary in-depth knowledge. When he does read the White Paper I think that he may well equip himself with a white jacket and a screwdriver because we are dealing here with a very technical and complicated area.

The noble Lord said one or two curious things. He said he was quite convinced that he would treat every statement this Government make about television with a great deal of suspicion because he thought that we were going to ensure that all television companies would be packed with people who supported the present Government. A short while ago he said he thought that the Government should not attempt to interfere with television. Now we have produced a White Paper, which the noble Lord has not yet read, in which we say we are going to open the television areas to competition and a general variety of interests. The noble Lord finds a critical element in that. Of course he is entitled to his view; but I do not think he can have it both ways. If he is going to complain that the Government have been too restrictive in the past in what has been allowed for television, he cannot then turn round when we are opening it up to others and say that that is bad to.

I should like to make one point very clear. Technology has advanced enormously, whether we like it or not. What is capable of being done now simply was not capable of being done ten years ago. There have been very great changes. What the Government seek to do, as the White Paper says, is to,

"open the doors so that individuals can choose for themselves from a much wider range of programmes and types of broadcasting."

I continue to quote:

"But the Government believes that, with the right enabling framework, a more open and competitive broadcasting market can be attained without detriment to programme standards and quality. Its single biggest advantage will be to give the viewer and listener a greater choice and a greater say."

I do not agree with the noble Lord, Lord Bonham-Carter, and the noble Baroness, Lady Birk, when they say that if you have more programmes they are

automatically bound to be worse. I do not think that is so. There is a danger that it could be so, and that is one of the reasons why we set up the Broadcasting Standards Council, to which the noble Lord, Lord Bonham-Carter, takes such exception. There are also great hoops through which any company will have to go before it is granted a franchise. Both Channel 3 and Channel 5 licensees will have to pass the "quality threshold", which includes such requirements as consumer protection, high-quality news and current affairs programmes, a diversity test, a proper proportion of programmes of European Community origin and 25 per cent. of original programming from independent producers. There will also be a proportion of regional programmes. The requirements are quite extensive.

The noble Baroness, Lady Birk, said that subscription has not been successful. I do not think that is completely true. Subscription has proved a great success in France and also, I understand, in certain parts of the United States. The noble Baroness asked about the Independent Television Commission and how it would enforce the licensing conditions. It will conduct formal reviews of the performance of its licensees and, if they are not performing satisfactorily, the commission will be able to issue a warning to them—a yellow card. If the performance does not improve after the issue of the yellow card the ITC will be able to withdraw the licence one year later, if necessary. The Government are also considering whether the ITC should be in a position to impose financial penalties.

Both the noble Baroness and the noble Lord, Lord Bonham-Carter, asked: what does the light touch mean? The Independent Television Commission will apply strict standards but it will do so without the kind of detailed controls which are imposed by the Independent Broadcasting Authority. It will have a range of methods to reinforce its licence conditions.

I should like to point out one quite important thing. In view of the fact that all these technological changes are coming about, whether we like it or not, all we seek to do is to provide a framework by which people can take advantage of them if commercial considerations permit and if viewers wish it. As the White Paper says quite clearly, the Government should not try to pick winners: they should enable, and not dictate, choice. I feel sure that the noble Lord, Lord Bonham-Carter, will be at one with the Government on that point. We do not seek to dictate choice: we seek to enable it to come about.

**Baroness Birk:** My Lords, can I ask the Minister a point for clarification? When he was answering my question about the lighter touch, he referred to keeping a restraining hand without too much detail, without going too far, or words to that effect. Does that mean there will be no insistence on balance, which is one of the cornerstones of the IBA? It seems to me that that can be the only answer.

**Earl Ferrers:** No, my Lords. I did not mean to give that impression, and I am sorry if I did. Balance will be one of the criteria involved in the application of the licence-holder before being granted a licence. Licence-holders will have to go through the hoop of

providing a proper balance before they will be considered for the grant of a licence. What I meant by the lighter touch was that the Independent Television Commission will not have the responsibility of controlling or supervising programmes.

**Lord Walston:** My Lords—

**Lord Orr-Ewing:** My Lords—

**Earl Ferrers:** My Lords, if I may intervene, we cannot have this number of speakers at the same time. It is customary, following the reading of a Statement, to hear from the Opposition spokesman who occupies the Front Bench opposite, followed by the other Opposition spokesmen, including what used to be the SDP. I suggest that if my noble friend Lord Orr-Ewing will be kind enough to contain himself while the noble Lord, Lord Walston, addresses your Lordships it will help our proceedings.

**Lord Walston:** My Lords, I am grateful to the Minister. I should like to make just one small correction. We used to be the SDP and we still are.

I want to put to the Minister one perfectly simple question. Do the Government consider that television and sound broadcasting are primarily market-led, profit-making businesses or are they, at least to some extent, a public service and an art form? We have no objection here to some of the former, but certainly not to all of it. We must retain some of the public service and some of the art form. I cannot help feeling that a significant element of the latter is of enormous importance to the whole of our broadcasting industry and to the country as a whole. The BBC has undoubtedly fulfilled these purposes in an admirable way and will continue to do so; but it will not be able to do so if it has to rely solely on profits, whether those profits come from subscriptions or from sponsorship. Therefore, it is up to the Government to say where its finance is to come from and, if it is to be guided, as are other providers of sound and television broadcasting, whether it has to rely solely on the profits which it can generate from its programmes. I should be most grateful if the noble Earl could answer that point.

At the same time I should like to endorse very strongly the final comments of the noble Lord, Lord Bonham-Carter, concerning the BBC's External Services. I hope that we can have an assurance from the noble Earl on that matter also.

**Lord Orr-Ewing:** My Lords, before the noble Earl replies to that point on behalf of these Benches and myself I should like to welcome the fact that, after a long period of gestation, the Government have come down firmly in favour of the continuation of a licence fee and public service broadcasting. I believe that some of us do not appreciate, and the public certainly do not appreciate that there is already an obligation on the independent broadcasting companies to carry out some public service duties—the news and, as the noble Earl mentioned, current affairs programmes. Is it not wise to consider whether in the very long term some of the television licence money should go to

[LORD ORR-EWING.]

maintaining those obligations to public service broadcasting on the part of bodies other than the BBC? The BBC currently receives an income of £1,000 million a year from the licence and is the only body which benefits from it. As other forms of finance begin to be introduced—subscription television for the BBC, possibly sponsorship on some channels—I wonder whether it is not right that this huge licence income should also go to others seeking to provide public service broadcasting.

One of the problems which has emerged from points raised by several speakers on the other Benches and to which the noble Baroness, Lady Birk, referred is that the regulatory authorities are now in a bit of a muddle. We are losing one and we shall have a new one which is meant to undertake a range of activities, including checking on sex and violence in programmes and the quality threshold. That will be a very difficult judgment to make.

I was particularly struck by the fact that my noble friend did not mention the word "balance". That is written into the BBC's charter, it is written into its licence and it will presumably be written into the licence of other organisations which seek to entertain the public. Ought not balance to be considered by the regulatory authority when it is set up?

**Earl Ferrers:** My Lords, my noble friend is quite right. Of course balance is important. As I tried to explain earlier, that is one of the criteria which will have to be considered when an application is submitted and before someone is considered to be a proper applicant. Applicants will have to show that they can produce a balanced programme, among other things.

My noble friend Lord Orr-Ewing also said that he believed that the BBC ought to get funds from elsewhere other than the licence fee. The noble Lord, Lord Walston, said that the BBC cannot be expected to rely on profits. I do not think that "profit" was the right word to use. All the Government say is that the BBC will continue to provide the service which it produces at the moment but that it is the Government's desire that the BBC should seek alternative means of funding than from the licence. In the White Paper the Government make the point that it is their intention that at some time in the future the licence fee should be replaced. We suggest that subscription should be tried. At the moment it is an untried system. Until it is tried it is impossible to say whether it is the right system to use and what proportion of the BBC's funding it should represent.

The noble Lord, Lord Walston, asks whether it be market led or a public service. The answer is that both TV and radio have an element of both. The BBC's public remit will be unchanged and Channels 3, 4 and 5 will have more positive programming obligations.

One other point which I think is important relates to the question of deciding what is acceptable and what is not. When there was a duopoly of the BBC and ITV it was clearly necessary for them to operate under fairly strict regulations and controls. When there are 10 or more channels within the reach of the

average viewer it is believed that viewers can increasingly sort this out for themselves provided that the choice before them is sufficiently varied. Whether we like it or not technology has advanced and made these things possible. I accept the concern which some noble Lords have expressed about balance and standards but that is one of the points we shall have to keep in mind, and it is one of the factors which we shall be able to consider further when we come to debate the matter.

4.45 p.m.

**Lord Parry:** My Lords, I too should like to thank the Minister for repeating the Statement made in another place. I shall begin with a wholly positive comment by welcoming the assurance given in regard to Sianel Pedwar Cymru, the Welsh channel. I do so not in any nationalistic or jingoistic sense but because of its importance to the whole of the culture of the country and to the debate on the White Paper that will follow the Statement.

When that channel for Wales was set up it was not intended to be specifically for the Welsh language although it was given an almost sacred duty to preserve that language. It has kept to its task and has been successful. Far more importantly in some ways, the channel has also broadened the culture in the bilingual channel. It has broadened the culture of Wales and in the nature of the Welsh content made a contribution to its preservation.

When the Minister addressed himself to the dangers of new technology and the all-pervasive atmosphere of other cultures which will be footprinted upon ours in the years to come through that new technology, and when he said that he was anxious to set up a protective mechanism, my mind went back to my days on the Independent Television Authority Council for Wales. That became the Independent Broadcasting Authority for Wales, on which I also sat before going to the General Advisory Council of the IBA and eventually into similar capacities with the BBC. I mention that because the Minister has not mentioned the role of the general advisory councils of the bodies when he repeated the Statement this afternoon. They are very important because the lightness of touch which the noble Earl has talked about was very often vested not in the authority's body but in the advisory committees, which themselves have been successful.

Can the Minister assure us that in imposing a lighter touch and in creating an organisation to control these new developments we shall not end up with a situation in which the strength passes back to government? In the early days of the Government of which he is a member it was said that they were very anxious to create less government. If the institutions which protect the people within government are dismantled, very often the power goes back to central authority and achieves the opposite of the purpose intended.

**Earl Ferrers:** My Lords, I think that those are all highly relevant points which it would probably be better to bring out in a debate rather than interrupt at even greater length the debate which the noble Earl, Lord Longford, has introduced. I would only

say to the noble Lord, Lord Parry, that it is not the Government's intention that power—if that is the right word—should revert to the Government. The Government believe that there should be choice, there should be variety of choice and that it ought to be the consumer who does the choosing, subject to certain safeguards of acceptability.

There is one other question which I apologise for not having answered. My noble friend Lord Orr-Ewing and the noble Lord, Lord Walston, both asked whether the External Services of the BBC would be affected. The White Paper has no bearing on the BBC's External Services, which will continue to be funded as now.

**Lord Annan:** My Lords, perhaps I could ask one question, but I certainly do not want to have a debate at this moment. My question concerns subscription and what is meant by it. Does it mean that I would have to buy a new television set with a special device in order to obtain a subscription channel of the BBC? If it does not mean that, does it mean that £200 million or £300 million will be taken from the BBC licence fee and that this will be replaced by appeals on the BBC channels for the public to subscribe? If so and if the practice of the United States of America is any guide, does he think it likely that we shall see Sir Robin Day divesting himself of his clothing down to his underpants and auctioning it to the public? That is exactly what happens on the public service channel in America. They are desperate for subscriptions and cannot obtain them and occurrences of that kind have been seen.

**Earl Ferrers:** My Lords, there are many ways in which subscription can be brought about. I am bound to say that the rather graphic description produced by the noble Lord, Lord Annan, in which Sir Robin Day auctioned his clothes was not one of the ways that the Government had in mind.

One of the systems involves an attachment on the television set which enables the viewer to be charged when he operates it. I think that the BBC will try some new subscription methods during the night hours when programmes can be shown and possibly videoed automatically by people who will then pay when they see them again in the course of the day. There are all kinds of different methods. That is the reason why the Government are not specific on the matter. We feel that we have to try them out and see what enterprise and initiative can bring about. The point is that if subscription can come about it could relieve the licence fee somewhat.

**Lord Prys-Davies:** My Lords, I should be grateful if the House would allow me to put one question to the Minister about the Welsh language fourth television network. Am I correct in assuming that the Government are not committed to the preservation of the existing broadcasting and financial viability of the Welsh language fourth channel station? In other words, will the station henceforth have to depend on the income that it can generate from advertising?

**Earl Ferrers:** My Lords, at the moment Channel 4 Welsh language television is subscribed to by the ITV

companies. They obtain that money from advertising. It is suggested that instead of that method, the revenue should in future come direct to the company itself via advertising.

### **Mentally Ill Offenders: Treatment**

4.53 p.m.

Debate resumed.

**Lord Donaldson of Kingsbridge:** My Lords, perhaps we may now return to the problem of disturbed offenders and what to do with them. First, I should like to thank my old and noble friend Lord Longford for raising this very difficult question. I agree with him and with the noble Baroness, Lady Faithfull, that it one of the most difficult questions of all.

My noble friend Lord Longford dealt only with one half of the problem. His remarks centred on the more serious half whereas the noble Baroness, Lady Faithfull, dealt with the question very fully in relation to the petty side, which is the more tiresome half. I wish to say at the outset that I agree wholly with the suggested remedies from both sides. I want to talk very roughly in the first instance about the petty side and, secondly, about what the prison service and others are doing in relation to the more serious side.

A difficult question to answer is whether or not seriously disturbed people qualify under Section 47—I think it is Section 47—to be sent to a special hospital. My noble friend asked how one made that decision and suggested that it should be made by a tribunal. On the whole something of that kind seems to be necessary because quite often things seem to go wrong. At the other end of the scale of dangerousness are the offenders about whom the noble Baroness, Lady Faithfull, spoke. They are in fact just a certain number of the huge group of petty offenders who are filling our prisons to overflowing and whose numbers have been increasing year by year over the last 30 years. I suppose that something like 10 per cent. of those offenders might come into the category with which we are concerned. They are not only inadequate but, to use a word which I use quite affectionately, rather dotty. They are not dangerous criminal lunatics; they are people who cannot be relied upon to take the rational course for the simplest possible proposition. Often they are very charming and rather fun to deal with if one does not have to try to control them.

Everybody in penal reform circles has been saying for years that prison does nothing but harm and certainly can do no good to the ordinary inadequate. However, that is not the subject of this evening's debate. We shall talk about that matter on 30th November I hope, and we shall come back to it. At present we must consider that percentage of slightly dotty inadequates with whom it is particularly difficult for the prison service to deal. Discipline, which is invariably misunderstood by such people, turns in no time to cruelty. Such people need treatment and not discipline. In general the prison service is not equipped to give it. I am not certain that

[LORD DONALDSON OF KINGSBRIDGE.]  
anybody is so equipped, because these people are very difficult to treat, but some effort has to be made.

The hospitals do not want them—and who can blame the hospitals? They must therefore be looked after in the community. If prison does damage and hospitals will not have them, only one solution remains: care by the community. That means—as the noble Baroness pointed out very strongly and better than I can do—a more generous provision of professional help added to the already fairly plentiful voluntary help. There are quite a number of different kinds of hospitals which deal with such people and it would not be difficult in any way to double the provision. In fact most of us believe that for under £1 million it can probably be trebled. Of course it will not cost nothing but it will only cost about one-tenth of the cost entailed in further prison provision.

One could do worse than consider just for a minute the proper purposes of a hospital, a prison and an asylum. The proper functions of a prison are to punish by restricting liberty which at the same time protects society by removing the offender from circulation; to provide decent containment for all cases; and to aim at rehabilitation in cases in which it seems possible. The proper functions of a hospital are to relieve pain and disability and to attempt cure. The proper functions of an asylum—nowadays known as a special hospital or a long-stay mental hospital—are to protect the public from the patient and the patient from himself while looking after him or her in a kindly way and, in cases where prognosis is favourable, to attempt cure or at least amelioration of the condition.

As regards the serious offenders, apart from the appalling difficulties over diagnosis, the MacNaghten rules, questions of responsibility and so on, there is scope for dealing with them in special hospitals. The problem which the noble Earl raised; namely how to decide which of them ought to go there, is not a question of provision; it is a question of understanding and expert views.

The second type of person—the petty or what I call the dotty offender—is something quite different. Here it is a question of provision. There is nowhere for these people to go. They cannot go to hospital because they are impossible to manage there. They do go to prison and there is a sad army which drifts in and out of prison on short sentences, and then goes in and out of hospital and back again into prison. We have to make some effort to deal with these people in an entirely different way, as the noble Baroness said. We should do so by giving the community enough professional and voluntary help to cope with difficult people of this kind in reasonably simple ways. I believe that all the machinery is there. For example, the Simon Community, which I have known for 30 years and have always much admired, specialises in the bottom rung of society. If one gave it a little more money, and possibly an accountant, it could run 30 casual ward places which would be a credit to us and to the entire country. I do not believe that there is any difficulty except cash and the will to do it.

One issue which arises here is the question of drink. I believe that my noble friend Lord Soper will talk

about this. However, the truth about drink is that it is part of the cause of the dottiness in a great many petty offenders.

Seventeen years ago an admirable report was published. I do not suppose a single person under 60 in the Home Office has ever looked at it. It was the report of the *Home Office Working Party on Habitual Drunken Offenders*. It recommended that,

“persons who, under present arrangements would be arrested for being drunk in public should be taken by the police to special detoxification centres and there detained while they are dried out and any necessary medical and social investigation is carried out”.

The report went on to suggest that they could then be sent to ordinary social work hostels.

Two experimental detoxification centres were set up in Leeds and Manchester in the 1970s. A more basic drying out centre was set up more recently in Birmingham. The Home Office recently withdrew funding from these centres and the Manchester centre has now closed. That is the response over 17 years to an important report which deals directly with the question that we are discussing tonight. I am not attacking the Minister. My own party, (as it then was) is just as guilty. For another six or seven years we did not do much. We accomplished a little, which has now been taken away. However, that is the kind of action that we must take.

I wish to add one comment because one is always misunderstood. Violence is an entirely different category. Most of the cases about which the noble Earl, Lord Longford, was talking are connected with violence. Therefore one is concerned with a special hospital or a prison, because these people are, and often remain—although not always, as the noble Earl has said—a danger to the public. However, I for one support severe sentences for all kinds of violence and for carrying weapons with intent to rob or injure. But I would not send inadequates to prison, even if there were no overcrowding. I regard it as a half-baked extravagance which can do no good and must do some harm. I hope that we may be able to develop this approach on 30th November.

I wish to turn for one minute to the prison department's initiatives over the dangerously disturbed offenders, which is more strictly the objective of the Question of the noble Earl, Lord Longford. Grendon constitutes the department's main effort. I shall be interested to hear from the Minister what else is being done in other parts of the service in this direction. Those in authority at Grendon have always insisted on selecting prisoners who would be both likely and willing to receive and benefit from its treatment. They have carried on a therapeutic regime, with some ups and down, for over 30 years.

However, there is a new development which is of some interest to this present debate. Grendon has always had a small hospital of some 30 beds. This has now been transformed into an acute psychiatric unit at remarkably little cost and by the initiative of the people at Grendon. It is receiving cases from other prisons of men who have deteriorated mentally during sentence and is thus providing, in a numerically small way, for people who are not psychotic cases fit for transfer to such places as

[Mr. Lawson]

"Withdraw!"—are determined to run a scare campaign. In fact, the people of this country will judge this Government by their record and not by the scare campaigns of the party opposite. We saw them before the last election and we remember the result of the last election.

**Sir Anthony Grant** (Cambridgeshire, South-West): Will my right hon. Friend totally disregard the nonsense talked by Labour Members, whose record on inflation, the elderly, the winter of discontent and the Christmas bonuses was utterly disgraceful? In view of the dangers of misreporting to which my right hon. Friend referred, however, would it not be a good idea to refrain from gabbing to the press until policies are clearly agreed and defined?

**Mr. Lawson:** My hon. Friend of course was once a Minister himself and therefore he speaks with great authority, but he will recall that it is customary for Ministers to talk to the press on an off-the-record basis from time to time.

**Mr. Speaker:** Statement—Mr. Hurd.

**Mr. Robert N. Wareing** (Liverpool, West Derby): On a point of order, Mr. Speaker. Is it in order for the Chancellor of the Exchequer to refer to any right hon. or hon. Member as "less salubrious"?

**Mr. Speaker:** I have heard worse.

**Mr. Winnick:** Further to that point of order, Mr. Speaker.

**Mr. Speaker:** It will take up time and I have already called the hon. Gentleman once.

**Mr. Winnick:** I am sometimes criticised by my colleagues for the fact that I rarely drink. Should not the Chancellor apologise for his slur? It should make no difference whether a slur comes from the Chancellor or from anyone else. Why can he not apologise?

**Hon. Members:** Bring him back!

**Mr. Speaker:** Order. I do not think that the word "salubrious" has anything to do with drink.

**Mr. Eric S. Heffer** (Liverpool, Walton): On a further point of order, Mr. Speaker. May I ask why on some occasions, on issues not quite so important as this, you allow questions to go on for three quarters of an hour but on this fundamental issue for the mass of ordinary people in this country you bring questions to a close in less than half an hour? I should like an answer from you, Mr. Speaker.

**Mr. Speaker:** I will give the hon. Gentleman the answer. He well knows that there is a difference between a private notice question, which normally goes on for about 15 minutes—this one went on for 25 minutes—and a statement. This was a private notice question and not a statement.

**Mr. Heffer:** So what?

**Mr. Speaker:** Just that!

## Broadcasting (White Paper)

3.58 pm

**The Secretary of State for the Home Department (Mr. Douglas Hurd):** With permission, Mr. Speaker, I wish to make a statement about the Government's plans for broadcasting legislation. I have laid a White Paper before the House today.

Our broadcasting system has a rich heritage, which is a tribute to the efforts and enterprise of the broadcasting authorities and all those professionally engaged in the broadcasting enterprise. Our proposals seek to build on those achievements in developing services of quality, range and popularity.

Broadcasting is changing fast and this change makes possible a much wider choice for the viewer and the listener. The viewer should not be denied this choice. That is our starting point. The Government should not seek to lay down a blueprint for the future by picking favoured technologies. Rather we propose an enabling framework with increased opportunities for additional channels as the customer determines. Several dozen television channels and possibly several hundred radio services may be in prospect.

Subscription, which enables the viewer to signal his preference to the broadcaster directly, will have a greater role to play. There will be a greater separation of the different activities that make up broadcasting, including programme production, the assembly of individual programmes into channels and transmission and service delivery.

The ownership of commercial television and radio should be widely spread. The White Paper contains detailed proposals to ensure that the control of television and radio services is not concentrated in the hands of a few groups or individuals and to prevent excessive media cross-ownership. The Government are determined to keep the market open to newcomers and to prevent any tendency towards editorial uniformity.

Safeguards on minimum standards are needed to protect viewers and listeners from shoddy wares and exploitation. Subject to those, they should be able to exercise greater choice over what they hear and see. While some important positive programming obligations are retained, we envisage a substantial liberalisation, especially of the ITV system, and greater reliance on the viewer, rather than the regulator, to sustain range and quality.

Those are the principles that have guided us. Our thinking has been influenced at many points by the Peacock report and by the admirable report in June of the Home Affairs Committee of this House. I hope that right hon. and hon. Members will find the time to read the White Paper in full, but I shall give a brief outline of the main practical proposals.

We propose that a new fifth channel, with 65 to 70 per cent. national coverage, should be authorised to begin broadcasting at the start of 1993. Different companies could provide the services at different times of the day, but the channel would be nationally based. A sixth channel will also be authorised if technical studies show it to be feasible.

We propose a new flexible framework for the development of multi-channel local services through both cable and microwave transmission, known as MVDS.

robbed them of the value of their savings, they are now getting a real return on their savings. So that is why pensioners as a whole have had their incomes rising faster than that of the rest of the community. But there still remains a problem—[AN HON. MEMBER: "You."]—as all of us on this side of the House know. There still remains a problem of a minority of pensioners who have done far worse. That minority is the minority we propose to address with the new scheme which I told the House about a few moments ago.

**Mr. Gerald Bowden** (Dulwich): Does my right hon. Friend accept that up to 30 per cent. of pensioners live at an unacceptably low standard of living? Does he also agree that another 30 per cent. of pensioners have a very reasonable standard of living? Surely it is quite illogical to give a £10 Christmas bonus to the top 30 per cent. instead of giving a £20 Christmas bonus to the bottom 30 per cent. Let us use the money wisely.

**Mr. Lawson:** I know of my hon. Friend's concern over many, many years for the pensioners and he has been consistent in that, but I have to say I have no change to announce whatever in the payment of the Christmas bonus. We will continue to pay it; indeed, we have put it on a statutory basis, unlike the Labour Government who, two years out of five they were in office, they failed to pay it at all.

**Mr. Michael Foot** (Blaenau Gwent): As the Chancellor of the Exchequer has somewhat ungallantly attributed all his difficulties to members of the press, will he tell us which were the offending newspapers and whether he intends to invite their representatives to come round and see him again?

**Mr. Lawson:** The journalists concerned—the journalists concerned know very well if they—and if they look in their notebooks—and they were taking notes—they will see that what—the stories that appeared in the Sunday press bear no relation whatever to what I said.

**Mr. Ray Whitney** (Wycombe): Does my right hon. Friend agree that the splutterings of the Leader of the Opposition, which were so ill-judged and appeared to be so synthetic, may have been a genuine cry of rage? Does he further agree that all the new and positive thinking on social and other issues come from this Government and from the Conservative party and that there is no new thinking on the part of the Labour party and the other Opposition parties? Last week, the Opposition affected to be outraged by the suggestion that our hon. Friend the Under-Secretary of State responsible for higher education was seeking new funds to ensure that a greater proportion of young people would benefit from higher education. They are now outraged that my right hon. Friend is seeking to find new resources for the lower-income sections of the elderly population.

**Mr. Lawson:** I think my hon. Friend is right, that the Leader of the Opposition did make, as usual, a complete mess of it and I think that was why—I think that was why his predecessor a moment ago tried to help him.

**Mrs. Margaret Ewing** (Moray): Does the Chancellor of the Exchequer accept that his arrogant statement today can hardly be interpreted as a consolation to those pensioners who have spent a sleepless night worrying about what will happen? Instead of filling the country with

despair and poverty, will he, as an apology, give a commitment that the Government will look carefully at the King's Fund report which shows that British pensioners in general—not a tiny majority—are among the poorest in the world with the lowest life expectancy?

**Mr. Lawson:** As I pointed out earlier, during the time that we have been in office, the average—the income of the—the real income—the real income, that is, after allowing for inflation—the real income of the average pensioner has risen by well over 20 per cent., over 23 per cent., in fact. It was 23 per cent. by 1986 and it is higher today. That is above the average level of increase for the population as a whole.

**Mr. Robert McCrindle** (Brentwood and Ongar): Although the targeting of benefits clearly makes a great deal of sense, especially when it is accompanied by additional resources, as my right hon. Friend the Chancellor of the Exchequer has just stated, will he perhaps try to avoid assuming in any future comments that he makes on these matters, that pensioners are either very well-off or on the poverty line, forgetting the large number in the middle to whom, for example, the withdrawal of free prescriptions would be a considerable setback? May I suggest to him that, if his statements over the weekend indicate the beginning of a debate on how targeting and its machinery should be implemented, his comments to the press on Friday will not have been in vain.

**Mr. Lawson:** I am grateful to my hon. Friend. In fact, the statements, as I said—the statements that appeared in the press on Sunday bore no relation whatever to what I in fact said. What I have said to them is that, while we were absolutely, totally committed to maintaining—

**Ms. Clare Short** (Birmingham, Ladywood): They will have the shorthand notes.

**Mr. Lawson:** Oh yes, they will have their shorthand notes and they will know it, and they will know they went behind afterwards and they thought there was not a good enough story and so they produced that. They will know that I said that, while the state pension would continue to be uprated in line with inflation, as we have always said it would, that additional help over and above that ought, in my judgment, to be concentrated on those who are at the poorest end, of pensioners, whose incomes have not risen nearly as fast as the generality of pensioners.

**Mr. David Winnick** (Walsall, North): As all the Sunday newspapers carried virtually the same story, is the Chancellor saying that every journalist who came to the briefing—he has not denied that there was one—misunderstood what he said and that if the choice is between believing what all the newspapers said or what the Chancellor has said today we should somehow believe the Chancellor?

Does the Chancellor of the Exchequer appreciate, however, that he is to be congratulated—and I, as a member of the Opposition, congratulate him—on revealing the Tories' intentions on the hidden agenda and making it clear that millions of pensioners should indeed be terrified of what would happen if the Tories were re-elected?

**Mr. Lawson:** It is quite clear that the less salubrious hon. Members opposite, of which the hon. Member who just spoke is a conspicuous example—[HON. MEMBERS:

That will make possible a further extension of viewer choice. It will also provide new opportunities for local television in cities and for television services catering for minority interests.

British Satellite Broadcasting plans to start its three channel direct broadcasting by satellite—DBS—service next autumn. The Government gave BSB an undertaking last year that the United Kingdom's fourth and fifth DBS channels would not be allocated until BSB's service had been in operation for at least three years. BSB has recently said that it would be willing for that moratorium to be lifted. Accordingly, the United Kingdom's two remaining channels will be advertised early next year. Five high-quality DBS channels should soon be available to British viewers.

Viewers will continue to receive other satellite services directly, including those from proposed medium-powered satellites. We continue to work for international agreement for the supervision of programmes in such services and shall propose to Parliament sanctions against any unacceptable foreign satellite services received here.

The present ITV system will become a regionally based Channel 3. Licence holders will, for the first time, have a statutory obligation to provide regional programming, including programmes produced in the region.

The distinctive remit of Channel 4 will be retained and reinforced to sustain high quality programmes in the commercial sector. We consider that, after the necessary legislation, advertising on Channel 4 should be sold separately from that on Channel 3. Subject to those points, the White Paper sets out options on the future constitution of Channel 4. The Welsh Fourth Channel Authority will continue in essence unchanged.

All those commercial television services will be free to decide their own mix between advertising and subscription funding and will have greater freedom to raise money through sponsorship, subject to proper safeguards. All will be subject to consumer protection obligations on programme content. Most commercial television licences, including those for Channel 3 and Channel 5 services, will be allocated by competitive tender, subject to a quality threshold defined in the White Paper. Operators of Channels 3, 4 and 5 will be expected to show high-quality news and current affairs programmes dealing with national and international matters and to show the news, and possibly also current affairs, in main viewing periods. Channel 3 and Channel 5 will be expected to provide a diverse programme service appealing to a variety of tastes and interests to ensure that a minimum of 25 per cent. of original programming came from independent producers and that a proper proportion of programme material is of EC origin.

There will be one additional requirement affecting Channel 3 only. There will be continued provision, like that which brought ITN into existence, to ensure that there is at least one body effectively equipped and financed to provide news for Channel 3. There will be safeguards for the continued provision of a schools programmes service.

The Government agree with the Home Affairs Committee that a new agency, which might be called the Independent Television Commission, should be established, in place of the Independent Broadcasting Authority and the Cable Authority, to license and supervise all parts of the commercial television sector. It will be able to operate with a lighter touch than the IBA and without the

IBA's detailed involvement in scheduling but, as the White Paper sets out, it will have strong sanctions against failure by its licensees to live up to their licence conditions.

The BBC will be expected to continue to provide high-quality programming across the full range of public tastes and interests. The Government look forward to the gradual introduction of subscription on the BBC's television services and to the eventual replacement of the licence fee—which will, however, continue at least for some time to come. We propose that the night hours from one of the BBC's channels should be assigned to the new ITC for allocation, like other licences by competitive tender. The BBC would keep the other set of night hours on the basis that it used it as fully as possible for making a start in developing subscription services.

We envisage that the part played by independent producers in programme making in the United Kingdom will continue to grow, as future licensees will be free to operate as publishers, without programme production capacity of their own. We believe that the transmission infrastructure should be separated from the programmes services.

The Government propose to proceed with the plans that I announced to the House on 19 January for the deregulation and expansion of independent radio, under the light touch regulation of a new Radio Authority. There will be scope for three new national commercial stations and as many as several hundred local services, including community radio stations.

The Broadcasting Standards Council, already established to reinforce standards on sex, violence, taste and decency, will be placed on a statutory footing. We propose that the exemption of broadcasting from the obscenity legislation should be removed at the earliest opportunity.

That is a brief summary of the main proposals set out in the White Paper. We aim to ensure that viewers and listeners have greater freedom of choice from a more varied output of programmes, including programmes of high quality. British television has a deservedly high reputation in the world and we expect that reputation to grow with the new opportunities that are now in sight.

The House will have an opportunity to debate the proposals before they are put into legislative form. We shall also take careful note of views expressed outside the House. We shall then bring forward legislation.

**Mr. Roy Hattersley** (Birmingham, Sparkbrook): Is the Home Secretary aware that his White Paper announces a number of aspirations for broadcasting with which the Opposition are in wholehearted agreement? We welcome the expansion in broadcasting and recognise the consequent need for changes in organisation. However, we at least know that expansion can bring diversity and high quality only if it is carefully regulated. The Home Secretary, having proclaimed the virtues of choice and quality, makes proposals that will result in a reduction in both.

Does not the right hon. Gentleman realise that, while competition has undoubted benefits in some areas of economic activity, the doctrinal obsession with markets revealed in his White Paper is bound to have an adverse effect on broadcasting? It is just not possible to pretend that viewers are given more choice if what they are offered is, in truth, just a number of extra channels that show



[Mr. Roy Hattersley]

programmes that are increasingly indistinguishable from each other and of a steadily deteriorating quality. That is the prospect which the White Paper holds out.

Will the Home Secretary consider the consequences of auctioning Channel 3 franchises to the highest bidder? It can result only in a deterioration in programme quality, which the minimum standards, laid down in paragraphs 6.10 and 6.11, will do little or nothing to arrest. Programme companies that obtain franchises from the highest bids will be forced into sacrificing new investments and the production of high-cost programmes. The Home Secretary has already conceded that some deterioration is already inevitable, by apparently removing from Channel 3 companies the specific obligation to broadcast high-cost drama, documentary and religious programmes. As a result, the new ITC powers that he announced today—that is, formal warning, right to revoke a franchise, and perhaps even the imposition of fines—are no more than window dressing. They are sanctions that reinforce regulations that are not in themselves strong enough to ensure high quality.

Does the Home Secretary not realise that standards will deteriorate even further when the competition that he claims to seek is reduced by the concentration of ownership? Will he confirm that, in paragraph 6.48, he asserts the need for ownership to be widespread, then announces the abandonment of present controls, and finally confesses that the Government do not have the slightest idea what regulation to put in their place? I make a prediction: they will not be regulations to which Mr. Rupert Murdoch takes exception.

The likelihood of increased uniformity has been heightened by the Home Secretary's decision to require Channel 4 to sell its own advertising. In paragraph 6.23 of the White Paper, he reaffirms the importance of Channel 4 catering for tastes and interests not served by other independent channels. By forcing it into direct competition for advertising, he reduces the chances of Channel 4 providing such essential programmes. Does not the opinion of the Peacock report, which is quoted and endorsed in paragraph 32, illustrate the Home Secretary's basic error? That quotation asserts that the BBC must continue the production of high-quality broadcasts, because, even in a fully developed broadcasting market, independent companies will neglect such broadcasts. The White Paper makes that neglect more likely, and it does not help the BBC to perform its proper function.

The BBC is to be subject to what the White Paper elegantly calls—although the Home Secretary wisely did not refer to the phrase in his statement this afternoon—a “double squeeze”. The value of the licence fee is likely to fall, and there can be absolutely no assurance that the necessary additional funds can be raised by subscription television; nor is subscription television a suitable way for the BBC to raise a major part of its revenue.

Paragraph 24 of the White Paper refers to subscription making it easier for high-quality programmes to be aimed profitably at particular sections of the market. The clear implication of that statement is that those who cannot afford high quality—the old and the poor in particular—will not get it. Clearly, the BBC will not be able, nor should it be prepared, to rely on subscriptions for a large part of its income. The result of the double squeeze is

certain to do desperate damage to radio in particular, a subject to which the White Paper devotes an insulting page and three quarters.

Paragraph 8.7 includes the ominous message that BBC radio will rely on licence fees for some time to come, but there is no suggestion of how BBC radio will be financed when, as the Home Secretary intends, the licence fee is abolished. We have no doubt that the Government mean that, sooner or later, all radio will be commercial radio, and that will be a disaster. [HON. MEMBERS: “Why?”]

I conclude by asking the Home Secretary three specific questions. The statement says that Channel 3 companies will be free to decide their own mix between advertising and subscription. Does that mean that a company will be free to move to financing, predominantly based on the limited subscription system, or will a minimum figure be specified by the Home Secretary?

Secondly, will the Home Secretary explain the real meaning of his restrictions on control—the word in the White Paper—by non-EEC companies? Am I right to fear that it will still be possible for an American conglomerate to own, either directly or through a subsidiary, companies broadcasting in Great Britain?

Thirdly, will the right hon. Gentleman assure us that the powers of the Broadcasting Standards Council, the “other things” that the White Paper coyly says are to be discussed with Lord Rees-Mogg, will not include the right to preview specific broadcasts?

This White Paper reflects commercial values rather than broadcasting values, as is to be expected from a policy that owes more to the Department of Trade and Industry than it does to the Home Office. It pretends to offer choice. In fact, many of the new channels will do no more than offer vast profits to the tycoons of international television. It is a giant retreat from the concept of public service broadcasting. Its result will be less diversity and lower standards.

**Mr. Hurd:** I think that the right hon. Gentleman must have written the last bit of his speech before he read the White Paper. As usual, his preliminary demonstrations bear little relation to what is actually proposed. This has not been a doctrinal exercise; it is something that we have worked at for a long time now to achieve the right balance between wider choice and the insistence on quality. I do not disagree with the original points that the right hon. Gentleman made and which he put in his lecture at Hexham last week. That is our aim, and I believe that we have found a sensible, practical way of doing that.

I refer to the right hon. Gentleman's specific points. On competitive tender, he has fixed on one point of what is essentially a three-part exercise. Somebody bidding for a franchise will first have to pass a quality threshold. That is not just consumer protection against pornography, excessive partisan politics, and so on. There are some specific things in the White Paper about diversity, about regionality—the regional content of programmes—about schools, and about news and current affairs. When that test is passed—it will be a stiff test—there will be the competitive tender, and then there will be the monitoring and enforcement by the new ITC of the quality threshold in operation.

If the right hon. Gentleman reads the White Paper and sees what is said about the yellow card, the red card, and the possible renewal of franchises, he will see that the business of enforcement is actually more specific than it is

under the present arrangement. If he looks at those three stages all together, he will see that this is a serious balance between quality and wider choice.

Again, I entirely agree with what the right hon. Gentleman said in his speech about ownership on Friday. It is important, as the White Paper states, and as the right hon. Gentleman thought we were not going to say, that there should not be a concentration of ownership. Paragraph 6.48 states:

"But clear rules will also be needed which impose limits on concentration of ownership and on excessive cross-media ownership."

In paragraph 6.53 of the White Paper, we set out various stringent rules on which we invite comments. If the right hon. Gentleman reads the White Paper, he will see that they include

"no licence holder for a particular area should control other broadcast media for that area".

Then there is the relationship between United Kingdom satellites and franchises and international franchises. There is also the relationship between newspaper interests and the media. It is all there, it is just that the right hon. Gentleman has not got quite as far as that in his reading of the White Paper. If he looks at paragraph 6.50, he will see the answer to one of his specific questions about the control of franchises by non-EC companies.

We invite precise comments on possible ideas, but the principle of choice between various severe forms of regulation—that is surely what the right hon. Gentleman would expect of us—is there, and it is severe.

We are entirely clear that preserving the remit of Channel 4, with which the right hon. Gentleman also agrees, is an important part of getting the balance right. We set out different ways in which Channel 4 might be organised to preserve the remit while selling its own advertising. When the House looks in detail at those three options, we shall be interested to have a choice between them. I believe that we can all agree on the presentation of the remit, and that there can be a reasoned argument about how best to achieve it.

The right hon. Gentleman spoke about the BBC and the licence fee. I think that the BBC can be—I am trying to choose my words carefully—reasonably satisfied with the position. Between now and 1991, the licence fee will be indexed and increased in line with inflation as it was a week or so ago. After 1991, we shall discuss with the BBC the extent to which it would be reasonable to limit indexing to take account of what may have been earned by subscription. Subscription is an attractive idea, as I told the House when reporting on the Peacock report. We shall have to see how far it will go and in what form, but the BBC is being given a nudge in that direction, which I consider entirely reasonable.

When he talked about radio, the right hon. Gentleman neglected the fact that we have discussed it, and that Government publications on it have been produced. I am sorry that there is not legislative time in the immediate future for a radio Bill. I am keen to get on with the proposals for radio, which were well received at the time and which are rehearsed in summary form in the White Paper. But there is no neglect there; it is simply a matter of finding legislative time.

Having answered one of the right hon. Gentleman's specific questions, I shall now answer the other two. There will be no tilt in the balance between advertising and subscription: it will be open to the successful franchise

holder to achieve a balance that he considers sensible. As for previewing, the White Paper does not add to what I have already told the House about the British Broadcasting Standards Council. It will be put on a statutory basis. Lord Rees-Mogg, the chairman, is now discussing with the broadcasting authorities how he would operate, and he is making some progress in working out agreement on standards. *[Interruption.]* The right hon. Gentleman should be interested and approving, because this fits absolutely into his general approach—at least, I hope it does. Lord Rees-Mogg will let us know what he believes, in the light of the discussions, to be the right statutory basis for his authority, and we shall make proposals accordingly.

Having listened to the right hon. Gentleman, I believe that the difference between us is that he believes that the only way to sustain quality successfully is by restricting choice. [HON. MEMBERS: "No."] That is the thrust of what the right hon. Gentleman has been saying. But we consider it a negative approach, which puts too much faith in the virtues of detailed bureaucratic regulation—which we have at present and which the IBA has been conscientiously discharging, but which we believe becomes otiose as wider choice is made available. We believe that our proposals offer the right balance between giving wider choice to the viewer and sustaining quality.

**Mr. John Wheeler** (Westminster, North): Does my right hon. Friend agree that today's statement and the remarks that he has just made will be warmly welcomed not only in the House but outside it? He is balancing carefully the era of change that is about to enter the broadcasting industry, and permitting the public the widest possible choice. His statement will be warmly received by members of the Select Committee on Home Affairs, many of whose key recommendations he has included in the White Paper.

Does my right hon. Friend accept that one of the main aspects of today's proposals is that the new "light touch" arrangements for the regulation of commercial television will be essential to maintaining the quality and standards of British television in the commercial sector, for which this country is rightly famous?

Let me conclude by saying that I would rather that the new authority was called the Commercial Television Authority.

**Mr. Hurd:** I am grateful to my hon. Friend. He and his colleagues on both sides of the House certainly did a sterling job in producing their report, which undoubtedly influenced us at several points, including the proposal that the IBA and the Cable Authority should be merged into a single new body. As long as it smells sweet, I am not too passionate about its name, and we shall have plenty of opportunities to discuss that.

I agree with my hon. Friend that much will turn on the arrangements for the quality threshold, which I described in answer to the right hon. Gentleman and of which he neglected to take account. The arrangements for sustaining quality involve doing away with the detailed processes of scheduling and regulation of the ITV sector. They involve the BBC, which he called the cornerstone, the Channel 4 remit, the consumer protection provision for Channel 3, positive requirements for Channel 3 including news, schools and diversity and the more rigorous

[Mr. Hurd]

proposals—the yellow card, the red card and the renewal of franchise arrangements. Taken together, I think that those proposals are an important part of the package.

**Mr. Robert MacLennan** (Caithness and Sutherland): Does the Home Secretary recognise that my right hon. and hon. Friends greatly welcome the extension of consumer choice implicit in the new broadcasting technologies and in increasing competition? Does he also recognise, however, our extreme concern that he has not realised that the increasing multiplicity of channels will not of itself ensure that the public enjoy the quality and variety that we have experienced in this country, which is the envy of the world?

Does the right hon. Gentleman not recognise that the arrangements for competitive tendering for Channel 3 in particular will take money out of independent television, which could result in inferior programming, a narrowing of choice or a combination of both? Does he not recognise that the pace of technological change is not so fast that it requires us to abandon a regulatory regime that has uniquely secured for this country its rich, balanced mixture of entertainment, information and education, and of popular and minority programmes for everyone? Does he not recognise that the public are as interested in quality as in diversity? Channel 4 has been a brilliant achievement. Does the right hon. Gentleman not recognise that it has succeeded because it has had a secure source of finance, and that that has not been secured in the White Paper?

Finally, does the right hon. Gentleman acknowledge that some ambivalence has appeared in his statement, and indeed in the White Paper, between his commitment to what he calls a "light regulatory touch" and his emphasis on the significance of positive programme requirements? In which does he believe?

**Mr. Hurd:** I must say that the fizz seems to be going out of the attack. Let me say with the greatest courtesy that I have always regarded the hon. Gentleman as one of nature's regulators. He would naturally put emphasis on a detailed system of regulation to remedy every ill, but I feel that television is moving out of that system.

Of course I agree with the hon. Gentleman's main point, that wider choice might not automatically mean diversity. But our proposal is that it should—that it must. There should not simply be a wider choice between quiz shows on different channels. If he reads the White Paper, the hon. Gentleman will see that the thrust of its proposals is to ensure that wider choice for the viewer is real choice, and not simply a choice between identikit shows. He believes that the right way to achieve that is to bring all new opportunities such as the satellite and Channel 5 under the same detailed control, with numerous officials sitting down and regulating exactly what—[HON. MEMBERS: "No."] That is a consequence of the hon. Gentleman's rhetoric. I do not believe it. I believe that television in this country is fast growing out of that framework. We need a new framework ensuring diversity, as the hon. Gentleman mentions, but not relying for that diversity on this kind of nit-picking.

**Sir Peter Blaker** (Blackpool, South): Will my right hon. Friend say a little more about cable, in which he knows that I have an interest? Is it still the policy of Her Majesty's Government to maintain conditions in which, given entrepreneurship on the part of cable television

companies, the urban areas of the United Kingdom will have the prospect of being cabled within a reasonable time, with the opportunities that that will bring of interactive services and more competitive telecommunications?

**Mr. Hurd:** Yes, indeed. For various reasons cable has made a slowish start, but it is beginning to pick up. That is both good news and important. We now have the new technology, MVDS, and it was consideration of that which held us up for several weeks. The question is how that new technology should be used. Should it be used simply and solely to help cable forward, or should it be possible for people to use that technology independently of cable? Cable will want to use that technology, and that is entirely legitimate. My right hon. Friend will see from the White Paper the rather complicated balance that we are trying to strike, safeguarding the interests of the existing cable franchise holders and perhaps of those applying now, while not harnessing MVDS technology absolutely to cable. I believe that there is room for both, and certainly, as I know my right hon. Friend hopes, for cable to use MVDS to facilitate its growth.

**Mr. Gerald Bermingham** (St. Helens, South): Will the Home Secretary accept that, if there is to be choice, the choice must be for all, and that for choice for all, all modes of communication must be available to each and every person? For those in rural areas, that means cable and satellite as well as the five terrestrial channels proposed. Does the Home Secretary agree that the track record of cable in the past few years has been more than a little disappointing? Does he further agree that the White Paper does little to encourage the companies to increase cabling across the country and that without cable and other modes being available to rural and other areas, there cannot possibly be choice for all?

**Mr. Hurd:** The hon. Gentleman has gone a little astray. A whole series of technologies are moving forward. We have terrestrial television which can reach more people and use more of the spectrum than previously; we have cable, MVDS, satellite and, most important, radio. All are poised for further development. I do not know, and the White Paper does not pretend to guess, which will turn out to be acceptable more quickly than others. That is why I say that we must enable development rather than declare a blueprint. The White Paper takes each to see how we can create a framework into which it can be fitted. The hon. Gentleman may be right about cable and I do not deny what he said. It is now progressing fast after some disappointing years. But I do not think that he is arguing that we should put taxpayers' money into it, as other countries have. Let it be enabled together with the other technologies and we shall see what viewers and entrepreneurs make of it and whether it is the preferred technology.

**Sir Geoffrey Johnson Smith** (Wealden): I welcome my right hon. Friend's recognition that the television industry must adapt and that the changes proposed in the White Paper offer an exciting challenge to the industry and a wider choice to viewers. Anyone who has been to the lightly regulated market of New York will know that our choice is extremely restricted. Does my right hon. Friend recognise that even among those who welcome his proposals, some are worried about some of the proposals—for example, the tax on turnover? If that is not

sensitively handled, it could undermine the ability of independent television companies to cope successfully with the increased competition and to provide a greater quality of programming under the new regime. Will my right hon. Friend assure the House that he will listen to those anxieties?

**Mr. Hurd:** I entirely accept that, as the dust settles, hon. Members like my hon. Friend, who knows the industry well, will want to raise a large number of specific and practical points. There is an immediate problem about the nature of the levy in this transitional period, and I owe the industry a decision and statement about that soon. My hon. Friend asked about the permanent arrangements. We believe that there is a strong case on the grounds of encouraging efficiency to move from a profits-based to a revenue-based levy. That principle is set out in the White Paper. Obviously, we shall listen to representations about how that should be worked out and applied.

**Dr. David Owen** (Plymouth, Devonport): I welcome the diversity and the choice inherent in these proposals, but does the Home Secretary accept that concentration of ownership is a crucial issue? Unless the House can be satisfied on that issue, it would be unwise to deregulate to the extent which he asks the House to accept. Having long argued for an auctioning of licences on Channel 3 and Channel 5, may I ask whether the sum of money that comes in, which could be considerable, will be earmarked for public service broadcasting, particularly on Radio 4 and BBC 2? The Home Secretary asked for views about Channel 4. I hope that he will retain it as a non-profit-making company, although taking advertisements.

**Mr. Hurd:** I am grateful to the right hon. Gentleman for his first point, and I agree with it. Measures against the concentration of ownership are crucial, and I would not come before the House with a Bill for deregulation which did not also include measures against the concentration of ownership. That is set out in the White Paper—

**Mr. Hattersley:** No, it is not.

**Mr. Hurd:**—when the right hon. Gentleman has read that far. I agree with the general point made by the right hon. Member for Plymouth, Devonport (Dr. Owen). The proceeds of the competitive tender will be earmarked for the Treasury as the public's receipt from franchises of leases of a public asset. I am sorry, but I have forgotten the right hon. Gentleman's last point—

**Dr. Owen:** Channel 4.

**Mr. Hurd:** I note what the right hon. Gentleman said about Channel 4. He has already chosen one option, and we shall be glad of views from all sides on that matter.

**Mr. John Gorst** (Hendon, North): In welcoming my right hon. Friend's statement, may I say that it is the most culturally literate development in broadcasting in the 33 years since the BBC lost its monopoly? Will he bear in mind that, during the past 33 years, the Opposition have continuously said that improvements in broadcasting can take place only as a result of the iron grip of regulation and control? At this point, would my right hon. Friend summarise the criteria and principles which have guided the 20 or so new developments contained in this White Paper?

**Mr. Hurd:** I hope that it breathes through the White Paper that quality and a wider choice for viewers and listeners go hand-in-hand at the top of the list. Independence, meaning a proper place for independent producers and independence against the concentration of ownership, probably comes third. Although the Government would not enforce this, reality will: that viability is the fourth. In other words, the proposals must make sense in terms of what viewers are prepared to accept and finance. Those four—quality, choice, independence and viability—are the criteria.

**Mr. Norman Buchan** (Paisley, South): Does the Home Secretary accept that this is not only a bad day for Britain, but for the reputation of Britain in the world? Our broadcasting system has been the great jewel of our reputation both culturally and educationally. He has never understood that its excellence depends on regulation, that regulation ensures diversity of programme and opinion, and that more channels of themselves do not ensure more kinds of programmes. Does the Home Secretary agree that the majority viewing that has been built up for apparently specialist programmes, such as the Attenborough and Bellamy programmes will not happen under a wholly commercial structure?

Does the right hon. Gentleman agree that he is proposing a minor ghetto for public service broadcasting and commercial freedom for cash for media entrepreneurs? Does he agree that the so-called "light touch" is a means of ensuring that the only competition that will take place will be between different kinds of pap? Is it not time that the Home Secretary took the whole damn lot—Peacock, the Green Paper and himself—out of this Chamber? Is it not time that we took broadcasting away from the Home Office and gave it to a proper Ministry that was interested in standards and programmes?

**Mr. Hurd:** I know that the hon. Gentleman has always been in favour of a Ministry of Broadcasting, and indeed a shadow Ministry of Broadcasting, and I do not object to those perfectly legitimate ambitions. I remember him posing away the other night in the Sinn Fein debate about the White Paper making the world safe for Murdoch and Maxwell. At least he has not repeated that today. Unlike the right hon. Member for Sparkbrook, perhaps he has read paragraph 6.48, which deals with the concentration of ownership. Those who run BBC 1, BBC 2 and Channel 4—three of the four existing terrestrial channels—would be a little surprised to hear themselves described by the hon. Gentleman as a "minor ghetto" in British broadcasting. They are not. Those three channels will sustain exactly the responsibilities that they have now and which the hon. Gentleman wishes to preserve. I do not agree with the hon. Gentleman. He speaks with the genuine voice of the old-fashioned regulator, whom time has passed by.

**Several Hon. Members** *rose*—

**Mr. Speaker:** Order. I remind the House that the Home Secretary said that there will be a debate later on the White Paper. I request hon. Members to ask single questions, not to go into the matter in great detail, because they will have other opportunities. On that basis, I shall allow questions to continue for 15 minutes.

**Sir Philip Goodhart** (Beckenham): Tens of millions of dollars have been spent on political television advertising in the American presidential elections, which are

[Sir Philip Goodhart]

mercifully coming to an end. Will my right hon. Friend assure us that the new broadcasting arrangements will prevent direct or indirect political advertising on the air?

**Mr. Hurd:** Yes, I give my hon. Friend that assurance.

**Mr. Eric S. Heffer** (Liverpool, Walton): I shall obey your strictures, Mr. Speaker. I should tell the Home Secretary that no Opposition Member has seen the White Paper because it has only just come in. The Home Secretary talked about quality control, but who will carry out that control? Who will determine it? Can we ensure that in future, instead of the trivia that we increasingly get on television, with all these game shows, we shall have programmes such as "Brideshead Revisited", the Miss Marple series and "Fortunes of War"? How can he guarantee that we will get such quality programmes if the interests of profit come first?

**Mr. Hurd:** The answer to the hon. Gentleman's question is, the BBC and the ITC. Those who run the BBC will continue to supply the hon. Gentleman with Miss Marple to his and their heart's content: there will be no change in that respect. The ITC will require variety and diversity from the applicants for franchises. It will be impossible for someone successfully to bid for a franchise, however long his purse, if he is proposing to broadcast only a series of quiz shows.

**Mr. Toby Jessel** (Twickenham): As to radio, does my right hon. Friend accept that the high standard of British music, which is a national asset, owes a great deal to the BBC's Radio 3? Will he enlarge on what action the Government intend to take in the long run to uphold the high musical standards of Radio 3?

**Mr. Hurd:** That is a matter for the BBC. Nothing in these proposals would prevent that from continuing.

**Ms. Diane Abbott** (Hackney, North and Stoke Newington): Will the Secretary of State accept that I and my hon. Friends are impressed by the stand that he is taking against the concentration of ownership in television? What steps will he and his hon. Friends take to guard against the concentration of ownership in the print media? Will he assure us that there will be no exceptions to such concentrations of ownership, even if the companies involved are the most fervent supporters of the Government?

**Mr. Hurd:** I gladly swallow the hon. Lady's compliment, but I shall not answer her second question. Because of the breakdown of restrictive practices in the press it is becoming increasingly possible, locally and nationally, to produce newspapers at lower prices—  
[Interruption.]

**Mr. Hurd:** The hon. Member for Paisley, South will be calling *The Independent* a poor ghetto in a minute.

That is what is happening, and it is a healthy development.

**Mr. Roger Gale** (Thanet, North): I congratulate my right hon. Friend on his proposals to abolish the IBA and to establish an Independent Television Commission to take broadcasting into the 21st century. Will he consider an expansion of that to include telecommunications? May

I express the hope that the excellent IBA engineering division will be invited to tender for the new privatised transmission systems? What plans does my right hon. Friend have to encourage investment in cable television and to relax the regulations governing overseas investment in cable?

**Mr. Hurd:** We are considering the matter raised in my hon. Friend's second point, although it is not defined in the White Paper. On the first point, important transitional arrangements will have to be made for the IBA. We have begun to discuss that with the authority, and this morning I had a word with the chairman and director general, who stressed the importance of the matter. I entirely understand that. They have a staff—a skilled staff—to consider. None of the changes can take place before Parliament has approved the necessary legislation. That will give us time to formulate transitional arrangements to deal with the points made by my hon. Friend.

Neither I nor the White Paper join in any denunciation of the IBA. Although I criticise the bureaucratic niggling, I recognise that that is the job which Parliament laid upon the authority in the 1981 Act and which the hon. Member for Paisley, South (Mr. Buchan) continues to glorify. Time has moved on and passed that by, and the detailed regulation that the authority has carried out, as Parliament wished, is unnecessary. But that does not mean that those who have carried it out should be condemned.

**Mr. Austin Mitchell** (Great Grimsby): We can all sympathise with the Home Secretary in his humiliation at having to introduce this glossy distillation of the prejudices of Lord Young of Graffham, Saatchi and Saatchi and the Prime Minister. But the grubby changes in the ITV franchises and the abolition of the IBA pose a direct threat to serious programming, especially to current affairs, which is likely to undermine the basis of "World in Action", "First Tuesday" and "This Week" and to cause them to go the way that "Weekend World" has gone. What became of the old Conservative maxim, "If it ain't broke, don't fix it"?

**Mr. Hurd:** I do not blame the hon. Gentleman, who unlike the right hon. Member for Sparkbrook, has not had time to read the White Paper. Had he read it, he would have seen that, standing out among the positive requirements of any applicant for a Channel 3 franchise, will be the provision of news and current affairs programmes at times when people are viewing or listening. Moreover, section 22 of the Broadcasting Act 1981 provides that there should be at least one organisation providing high-quality news and international news that is sustained by the franchise holders. That is the basis of Independent Television News and that will be preserved. The hon. Gentleman's fears are unfounded.

**Mr. Jonathan Aitken** (Thanet, South): Will my right hon. Friend clarify precisely what the White Paper means when it says that the new Independent Television Commission will have a lighter regulatory touch to encourage lighter programme requirements? Does my right hon. Friend agree that ITV programming has not always been noted for its gravity and that the IBA has not always been noted for its severity? How does he answer the fear that a lighter regulatory touch may mean television stations with the editorial standards of the lower tabloids?

**Mr. Hurd:** I do not think that my hon. Friend's conclusion follows from his premise. The fact that he disagrees with some decisions made by the IBA does not justify the existence of much detailed bureaucratic scheduling, most of which never reaches the light of day but is carried out conscientiously by the IBA as part of its present duties. It is not tenable to continue that. That is what we mean by the "lighter touch".

**Mr. Tony Banks** (Newham, North-West): How does the Home Secretary expect the House to take seriously his assurances about preserving standards in broadcasting when he is to abolish the IBA and is announcing his intention to move towards privatising the BBC? How moveable is he in this consultative document? If there is much protest about, for example, the abolition of the IBA, will he come to the House and say, "I accept what has been said"?

May I congratulate the Home Secretary on being the first Minister who has not succumbed to the temptation of putting his own grinning face on the front page of a glossy White Paper? That self-denying ordinance should be referred to all members of the Cabinet.

**Mr. Hurd:** I am obliged for the hon. Gentleman's second point. I believe that the IBA should be moved together with the Cable Authority. To be honest, that was not a view that we had firmly reached before we received the report of the Select Committee on Home Affairs, which recommended it. It is common sense to bring together those regulatory authorities and give them a common framework in which to operate. That is what we are proposing and that is something to which we will hold.

**Mr. Jeremy Hanley** (Richmond and Barnes): Does my right hon. Friend agree that, if one listened to the Opposition, one might think my right hon. Friend had introduced reform for reform's sake rather than reform being forced on the Government by changing technology? Has not the White Paper been a rational, sensible and practical way forward for the future of broadcasting? What effect does my right hon. Friend expect there to be on the BBC when the BBC and the IBA are separated from the licence fee regime? The IBA is currently received in conjunction with the BBC, and only if the BBC licence fee is paid. Secondly, at what level does he believe the subscription would be for IBA viewers—who, after all, currently receive that service free?

**Mr. Hurd:** I am not entirely following my hon. Friend's point, but we believe that subscription is attractive in principle. The BBC is beginning to experiment with it on one of its night channels; so, too, is the satellite DBS. There is scope for further experimentation, and we propose to nudge the BBC in that direction, without being dogmatic at present as to how far that could go.

If my hon. Friend was talking about the point raised by the right hon. Member for Sparkbrook, of course, BBC radio is a problem. BBC radio is financed out of the licence fee and there is no question of doing away with it, because I regard it as essential to the general structure of broadcasting. As we move towards subscription, that will be a problem which will clearly come on to the agenda fairly soon. I accept that, but we are not at that stage yet. We are at the stage of indexing the licence fee and taking

account after 1991 of the extent to which the BBC might reasonably benefit from subscription income. I hope that that meets my hon. Friend's point.

**Mr. Jeff Rooker** (Birmingham, Perry Barr): I have not read paragraph 6.48, which the right hon. Gentleman constantly referred to, which is about the concentration of ownership. However, is the concentration of ownership specific to television or does it cover, too, the concentration of ownership within the media? Frankly, with the amount of media and press publishing controlled by Murdoch and Maxwell—I do not mean "the Murdochs" and "the Maxwells"; and mean Murdoch and Maxwell—they should not have even a finger in the pie of any television company. Does the concentration of ownership cross over from television to the press, or is the paragraph exclusive to television? If so, it does not go far enough.

**Mr. Hurd:** Yes, that is why, in paragraph 6.53, one of the principles that we lay down is:

"national newspaper interests in national services using United Kingdom broadcasting frequencies (and vice versa) should be limited; and a similar principle should apply in the case of local services and the local press. One possibility"—not going as far as the hon. Gentleman would like—"would be to follow the reciprocal 20 per cent. limit already proposed in the case of radio".

However, we go further than that, because another conceivable mischief is that people who own a lot of international television would move in and take franchises; that, too, is covered in this part of the White Paper. We would have to ensure that they did not get the franchises.

**Mr. John Greenway** (Ryedale): I am sure that my right hon. Friend will agree that regional television companies will greatly welcome the Government's continuing commitment to the regional structure of ITV. I note in paragraph 2 of the annex to the report that the function of the ITC will be to decide with the Government on that regional structure. Can my right hon. Friend tell us how he sees that structure regionally compared with the present structure? Does he accept that the important role of the ITC means that it is essential that a chairman for the new authority is appointed at the earliest possible opportunity?

**Mr. Hurd:** As my hon. Friend knows, what we need in the near future is a successor to Lord Thomson of Monifieth as chairman of the IBA. What follows for the ITC is something that can be settled a bit later, because the ITC is so far just a proposal in a White Paper which Parliament will want to debate and reach conclusions on.

My hon. Friend mentioned an important point about the regions. We do not think it would be sensible for the Government to lay down in a White Paper the exact frontiers of the regions. My hon. Friend comes from a part of the world where that is a live issue from time to time. I believe that that is something that Governments should have at arm's length and which the new ITC should settle. However, we are emphatic that the regional principle should not only be kept, but should be strengthened when we are dealing with Channel 3 and the ITV franchises.

**Mr. David Clelland** (Tyne Bridge): Does the right hon. Gentleman agree that, even if the Government were to succeed in preventing a concentration of ownership, the danger is that an increase in competition for advertisers, together with the so-called "light touch" regime, will mean that the overwhelming influence will be in the hands of the advertisers? That will lead to restrictions in choice and the

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lowering of standards. That has been the experience of every country that relies on competition rather than regulation.

**Mr. Hurd:** I do not believe that is entirely right. Channel 4 is doing well. It is paying for itself and has carved out for itself a particular form of advertising market that obviously works. There is a strong argument that Channel 4 could be completely privatised and still retain that rather special advertising finance which would enable it to keep the remit. There are counter-arguments, which are set out in the White Paper. I do not agree that it has been the experience up to now that keeping a certain number of channels financed by advertisers has the effect to which the hon. Gentleman referred.

**Mr. Michael Morris** (Northampton, South): As the Minister of State has been defending the United Kingdom's commercial interest so well over the Council of Europe draft convention, can my right hon. Friend the Home Secretary tell us that there are no proposals in the White Paper that will fall foul of that convention? Additionally, will the proposals on the BBC mean a change in the BBC's charter?

**Mr. Hurd:** My hon. Friend's first point is quite right. My hon. Friend the Member for Mid-Sussex (Mr. Renton) has been doing noble work in trying to reach an international agreement in the Council of Europe, which is dealt with in the White Paper. We are keen that that should be concluded. My hon. Friend has made a good deal of progress in resolving the difficulty about advertising breaks. Other member states of the Council of Europe have raised difficulties, but we hope to have a further meeting in Stockholm later this month, which my hon. Friend will attend, and it is possible that decisive progress will then be made.

The BBC charter expires at the end of 1996 and there are no proposals to seek to alter it before then. I suppose that those people who are around in 1994 will begin a new debate about what the revised charter should contain. At that stage, some of the points mentioned today and contained in the White Paper will come to the fore, and by then we shall know more about the way subscription has gone.

**Mrs. Margaret Ewing** (Moray): Does the Home Secretary accept that many of us are deeply concerned about the regional implications due to the failure of the White Paper to bring forward a clear framework on the takeover procedures, because it seems likely that powerful predators will be able to put profit before variety, standards and quality? Can he tell us why there is no specific reference to SC4 and the provision for Gaelic, as there is for the Welsh channel and the Welsh language?

**Mr. Hurd:** There is provision, because my right hon. and learned Friend the Secretary of State for Scotland insisted that there should be. If we cannot find the reference in the next few seconds, I will inform the hon. Lady later. The provision is there, it is very specific and it will fully satisfy.

I have been informed that it is paragraph 6.37. It says:

"The Government recognises the importance of broadcasting to the Gaelic language and its future development and,

while no change is implied in present policies towards Gaelic broadcasting at national or regional level, new local services could be an important means of meeting Gaelic needs." It is better news for the hon. Lady.

**Mr. Peter Griffiths** (Portsmouth, North): Does my right hon. Friend agree that the main barrier to the effective exercise of popular choice on television is the continued existence of the BBC licence fee? If the evidence is that subscription will not lead to an early demise of the licence fee after 1991, will my right hon. Friend be ready to consider alternative forms of funding for the BBC that will lead to an early abolition of the licence?

**Mr. Hurd:** I have got into trouble in the past for saying that, as choice multiplies, the rationale behind the BBC licence fee—which is paid whether one does or does not watch the BBC—becomes weak. I believe that that is true; that is why I do not believe that the licence fee should be regarded as immortal. We have set out carefully in the White Paper the steps that we propose to take to nudge the BBC towards looking at subscription, but it is too early to answer my hon. Friend's point. The Peacock report's advice, which we accepted, was against having advertising on the BBC. The White Paper does not reopen that question.

**Mr. Hattersley:** The Home Secretary has said some 10 or 12 times that the White Paper is explicit and specific in its proposal to avoid concentration. If that is the case, why does the paragraph dealing with that subject conclude, after several sentences of platitudes:

"the Government would welcome comments on the scope and formulation of such rules"?

Do the Government know what they intend or not? The Home Secretary should face the fact that if the argument between us is to be about "choice", he must try to concentrate on what that word means. For viewers to have a real choice there must be real alternatives between which they can choose. Does he not worry to the slightest degree that he will reduce variety by placing so much power in the hands of the producers in the market that he will attempt to create?

**Mr. Hurd:** On the first point—I think that the right hon. Gentleman is on a false point—we state quite clearly in paragraph 6.48:

"clear rules will also be needed which impose limits on concentration of ownership"

In paragraph 6.53, we sketch the ground that those rules will need to cover, which I have already outlined in answer to the hon. Member for Birmingham, Perry Barr (Mr. Rooker). The general principles include newspapers, concentration of ownership within the television industry and the possible concentration among foreign holders of television interests and our own. Those are possible proposals set out to consider the concentration of ownership.

Since we are a democratic and listening Government—[*Interruption.*—]—particularly in this sphere, we have asked for views on precisely how those principles, which are absolutely clear and firm, should be applied. The right hon. Gentleman would have been furious if, almost a year before we introduce legislation, we said that, on this important issue, our minds were entirely closed. The principles are there, they are firm and they meet the points which the right hon. Gentleman has raised. After he has finished his rhetoric, should he favour us with precise ideas

on how the principles should be implemented, we shall add them to our own and those expressed by other hon. Members who have raised this issue.

As I told the right hon. Member for Plymouth, Devonport (Dr. Owen), when we come next year, to produce a detailed plan for this House to consider, he is right to say that side by side with the proposals for deregulation must be proposals against a concentration of ownership.

**Several Hon. Members** *rose*—

**Mr. Speaker:** Order. I am sorry that I have not been able to call all the hon. Members who wished to participate, but as usual, I shall keep a list and give them precedence when this matter comes before the House again.

**Mr. Bob Cryer** (Bradford, South): On a point of order, Mr. Speaker. When the Home Secretary began his statement the White Paper was available in the Vote Office. As you will appreciate, Mr. Speaker, it is extremely difficult within two or three minutes, to examine that document. There is a summary, in the Home Secretary's statement, and as soon as he began that statement, copies were distributed in the Press Gallery. That statement is not available in the Vote Office, but I believe that it should be because it gives a more comprehensive summary of the position rather than having to go through the entire White Paper. If you, Mr. Speaker, could deprecate the omission of a statement from the Vote Office when a White Paper is placed there, it would help all of us.

**Mr. Speaker:** It is normal practice for embargoed copies of a ministerial statement to be issued to the press, but they are embargoed until the Secretary of State gets up—*[Interruption]* I really do not see why the press should have those statements before Members. It is not for me to impose the practice, but I believe that it would be helpful to the House if summaries could be put in the Vote Office with the White Paper.

## Orders of the Day

### Rate Support Grants Bill

*Considered in Committee.*

[MR. HAROLD WALKER *in the Chair.*]

*Ordered,*

That the Bill be considered in the following order: Clauses 1 and 2, Schedule 1, Clause 3, Schedule 2, Clauses 4 to 7, new Clauses, and new Schedules.—*[Mr. Gummer.]*

#### Clause 1

TOTAL EXPENDITURE: 1985-86 to 1988-89

5.4 pm

**Mr. Jeff Rooker** (Birmingham, Perry Barr): I beg to move amendment No. 1, in page 1, line 9, at end insert 'except where in relation to any year a local authority has before 7th July 1988 approved its accounts in which case he shall treat total expenditure as equal to the amount approved by the authority'.

**The Chairman of Ways and Means (Mr. Harold Walker):** With this it will be convenient to discuss the following amendments:

No. 19, in page 1, line 9, at the end insert 'except where in relation to any year a local authority has before 7th July 1988 approved its accounts and submitted them to the district auditor in which case he shall treat total expenditure as equal to the amount approved by the authority'.

Amendment No. 4, in schedule 1, page 8, line 44, at end insert

'except where paragraph 3A applies'.

No. 6, in page 8, line 50, after 'the relevant amount', insert

'except where paragraph 3B applies'.

No. 8, in page 8, line 50, after 'the relevant amount' insert

'subject to sub-paragraph (2A) below'.

No. 9, in page 8, line 50, at end insert—

'(2A) Where a local authority has made a decision before 7th July 1988 which affects its total expenditure in relation to the year and the authority has submitted to the Secretary of State by 31st January 1989 a statement certified by the auditor appointed under Part III of the Local Government Finance Act 1982 that the decision increases or decreases the authority's total expenditure by a certified amount, the relevant amount is (as regards the authority) the amount submitted under sub-paragraph (2) above as adjusted by the certified amount.'

No. 5, in page 9, line 40, at end insert—

'3A.—(1) This paragraph applies where a local authority has approved its accounts after 6th July 1988 and before 31st October 1988 and where the amount of its total expenditure in relation to the year has been certified by the auditor appointed under Part III of the Local Government Finance Act 1982.

(2) In such a case the relevant amount is the amount certified by the auditor.'

No. 7, in page 9, line 40, at end insert—

'3B.(1)—This paragraph applies where—

(a) A local authority or a Committee of a local authority has received before 7th July 1988 from the person having responsibility for the administration of its financial affairs a report containing estimates of expenditure in the relation to the year, and

(b) the authority has submitted to the Secretary of State before 31st January 1989 a statement containing an amount of total expenditure consistent with the



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estimates and certified by the auditor appointed under Part III of the Local Government Finance Act 1982.

(2) In such a case the relevant amount is the amount certified by the auditor.

(3) Where there is more than one report received, the report referred to in sub-paragraph (1)(a) above is the latest to be received before 7th July 1988.

**Mr. Rooker:** This is the largest group of amendments and, in effect, they encompass four separate points although they are all related to the retrospective nature of the Bill and the fact that many local authorities feel extremely hard done by because of the nature of the Government's announcement in July. Certainly I do not intend to repeat the points that I made on Second Reading last week, but obviously I suspect there will be constant reference to those local authorities that will lose considerable sums of money because of the operation of the Bill.

The purpose of amendment No. 1 and the purpose of several other amendments, is to allow information that was known about a local authority's expenditure and which was already in the public domain before 7 July, to be used, even though that information had not been received by the Secretary of State. His close-down date for such information was midnight 6 July.

Amendment No. 1 is certainly the most straightforward of the amendments, which will inevitably contain a great degree of technical detail. It deals specifically with the circumstances of an authority which had approved the accounts for any of the years beginning 1985-86, 1986-87 or 1987-88. Of course, I accept that the amendment principally affects the year 1987-88 because, in most cases, the 1985-86 and 1986-87 accounts had been closed before the beginning of this year.

Although accounts may have been closed it would not normally be a matter that would be immediately reported to the Department of the Environment. I understand that, for the accounts for 1987-88 the normal course of events would have been for the authorities to report the outturn of expenditure on a group of forms, not due for return to the Department of the Environment until 1 August. They would not even have been issued by the Department until 24 June. Of course, 6 July comes virtually in the middle of those two dates.

Authorities that have been prompt in closing their accounts and have managed to reduce expenditure below the level anticipated in their budgets or have produced revised estimates are now denied any advantage they would have received because of the Secretary of State's insistence on using information that was received by him before 7 July. Those authorities feel roughly treated, to put it mildly. At this stage I shall give one example that has been well documented. The authority does not constitute a large urban area—I tended to concentrate upon such examples on Second Reading. It is helpful that my new example comes from a district in the constituency of a Cabinet member. Obviously that is advantageous because I do not want to be seen to be seeking to make partisan points. This is an example of local government feeling badly treated by central Government. Last week I made it clear that Conservative authorities will lose hundreds of

millions of pounds, as will Labour authorities, and that it will be the ratepayers and the poll tax payers who will have to foot the bill.

I hope that the Minister will give us the reason why west Somerset district council has been so roughly treated. I should like to draw the attention of the Committee to correspondence sent from that council to its Member of Parliament, the Secretary of State for Northern Ireland. A few short sentences, giving the relevant dates, show how a well-run, efficient authority, which is not large, has been shortchanged by more than £100,000 as a result of the Bill. The letter was sent to the Secretary of State from the treasurer and is dated 11 July. It makes it clear that as a result of the decision of midnight on 6 July, the council will lose £133,000. It is worth giving details of some of the dates because that will show how other authorities are affected. The treasurer states:

"On 4th March, 1988 I returned RER89 showing the Council's revised estimated 1987-88 'Total Expenditure' for Rates Support Grant of £1,621,000. On 6th May, 1988 the Council's Final Accounts for 1987-88 were completed and the actual 'Total Expenditure' for Rate Support Grant was £1,477,808. The effect of this reduction of £143,000 enabled me to calculate an additional amount of Rate Support Grant of £133,000 at a marginal grant rate of 93p for every £1 of reduced expenditure."

The treasurer made it clear that there had been a reduction from what was originally budgeted. Whereas councils that spend over the figures laid down by the Government have their grant reduced, if councils spend under those figures, they get additional grant that is not even pro rata, in this case, 93p for every £1 of reduced expenditure. The treasurer continues:

"The Council's Statement of Accounts for 1987-88 was completed on 18th May, 1988 and signed by me.

The Council's Finance Sub Committee received a report . . . on 14th June, 1988 about the Final Accounts-General Rate Fund Net Rate Fund Expenditure 1987-88 which it approved.

The Department of the Environment sent me the Annual Revenue Outturn Returns for 1987-88 including the Rate Support Grant Return on 24th June, 1988 which I received on Tuesday 28th June, 1988. This was four weeks later than in 1987. My Deputy tackled them immediately and completed them on Wednesday, 6th July, 1988. All Returns were posted 2nd class the next day".

That local authority saved ratepayers' money and did not automatically use first-class post. There was no reason to do so. The letter continues:

"the Department stipulates that it requires them back by 1st August, 1988."

Clearly, the Department would have received the returns by 1 August. However, in the meantime, the 6 July decision was made and as a result the council lost £133,000.

I ask the Minister what was slipshod and lethargic about the council's behaviour. What was inefficient about the way in which the council dealt with the forms that it was required to send to the Department, and the way in which the treasurer and his deputy dealt with its committee meetings? What is lethargic, incompetent or inefficient about that? The council lost a considerable sum. I do not know what the percentage is, but it will be a fairly hefty percentage of the council's expenditure.

5.15 pm

The reply from the Secretary of State for the Environment to his Cabinet colleague can be summed up as, "Tough." According to the treasurer, the £133,000 is "a loss equivalent to a 2.2p rate for ratepayers in West Somerset."