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From the Private Secretary

6 September 1989

ITV AND INDEPENDENT PRODUCERS

BF. | The Prime Minister has seen the attached article by Mr. Eddie Shah in the Sunday Times of 2 July. She was concerned to note the position described by Mr. Shah, and would be grateful for the Home Secretary's views and assessment. In particular, she is concerned to ensure that the plan for 25 per cent of production being made by independent producers is met in an effective and genuine way. She also wonders whether further consideration needs to be given to the precise definition of the 25 per cent requirement; eg should news and current affairs programmes be excluded from qualifying as contributions towards the 25 per cent? It would be helpful to have this material by the end of next week.

I am copying this letter to Neil Thornton (Department of Trade and Industry).

PAUL GRAY

Miss Catherine Bannister,
Home Office

to sport as it renegotiates its contract for British athletics with the Amateur Athletics Association.

Its current deal was spread over four years to next March, but any new agreement will be for a shorter period, because ITV is making no long-term commitments — to athletics or to any other sport. It is 18 months since ITV last bid for an important contract (it failed narrowly to prise rugby union football away from the BBC), but since then it has shown little inclination to plan too far ahead.

ITV's decision to drop the Cup Final and the Olympics was based on rueful experi-

cash to sports increasingly keen to please their sponsors. The BBC offers long exposure by switching events between its two channels, and while ITV combined with Channel 4 to secure the athletics deal, it has no standing arrangement to cover other sports.

As the BBC demonstrated with its extended coverage of the John McEnroe nail-biter at Wimbledon on Tuesday evening, it can push back scheduled programmes more easily than can its commercial rivals. There are still painful memories of the last time ITV covered the Gillette cup final cricket match, in 1969. With the result hanging

athletics coverage away from BBC, which had had a virtual monopoly of the sport for 25 years. Athletics was big box-office at the time and ITV was happy to pay £8m for a contract with the Amateur Athletics Association to cover all British domestic events for four years. But it clinched the deal just as Sebastian Coe and Steve Ovett, the sport's biggest crowd pullers, were beginning to fade. Without them, public interest — and ratings — faded too.

The athletics contract comes up for renewal next year: ITV plans to offer less money for fewer events over a shorter period, while the

less frequent but more exciting cup games.

But what will give ITV executives even more pause for thought when the deal comes up for renegotiation in two years is the role to be played by the new satellite TV services. Indeed, it was British Satellite Broadcasting (BSB), hungry for high-profile material to run on its forthcoming sports channel, despite being years away from launch, which was responsible for the record price ITV paid last time. The bidding was upped so relentlessly that the BBC dropped out altogether, and ITV ended up paying more than twice what it might have in

thought they had secured the rights for last night's Dream Mile from Oslo were beaten to the line by a combined bid from the BBC and Eurosport.

And ITV's continuing interest in rugby union football took another knock when it lost out — again to Eurosport and the BBC — in the race for coverage of the British Lions tour to Australia. Eurosport's Adrian Metcalfe says: "Because we had both the BBC channels and Eurosport to share the scheduling of matches, we were able to offer the Australians a package which included all the important tour games, as well as the internationals. ITV couldn't match that."

to sell his shareholding in the Lornho company, and even his Chilean telephone company has been hit by constant strikes.

Despite this, the authority says it has no reason at present to be concerned by Bond Corporation's 34% holding in BSB — itself troubled by both technical and funding problems. An authority spokesman said that all Bond Corporation's investment in BSB has been either fully paid up or secured by banks. "Mr Bond could sell his shares to another investor, but he cannot simply pull his money out."

Anthony Simonds-Gooding, BSB's chief executive,

THE ITV companies, and by association the Independent Broadcasting Authority, are the first to stand up and preach sanctimoniously about the loss of quality in broadcasting. Like all closed shops, they object strongly to any new order which threatens their monopoly.

They use their powers to attack any other system that is designed to open up broadcasting to the public. They have been conspicuously vocal in attacking satellite television, the new "auction system" for ITV franchises, and independent producers. They state consistently that low costs will mean a drop in quality. They pronounce themselves the champion of the people with regard to standards. In truth, their real message is: "Do as I say, not as I do."

The case for the recent Sunday night success, Capstick's Law, is a good example. For the record, I should declare that my company, Messenger Group, made the series.

We set out to prove that quality can be produced at a low cost. Capstick's Law cost a little more than £300,000 per episode. This was 25% less than it would have cost an ITV

company to make the same programme.

For that money we had an exceptional cast and one of the finest creative and technical teams, and the results showed on the screen. ITV's market research said that it could expect an audience of 6m. We averaged 8.9m during spring, a period when viewing figures drop seasonally. That made it a successful show.

The audience appreciation figures were exceptionally good for such a short run, and higher than most other successful shows. The series attracted a more upmarket audience than ITV normally gets. It also performed well against the established BBC show All Creatures Great and Small, equalling the figures of more long-standing runners such as Murder She Wrote and Surprise, Surprise, which had also run against the BBC blockbuster.

It was home-made and critically compared well with the cheap imports from Australia

As ITV prepares to scrap Capstick's Law, EDDY SHAH, its creator, argues that independent producers of quality drama are falling foul of monopoly interests

that seem to be becoming the norm. As a Fifties family saga set in Yorkshire, it was also a show that was unique on British screens in its style and content. I cannot recall any show with such a pedigree, such potential and produced at such low cost not becoming a long-running series. Just what ITV, with its new move upmarket, was looking for.

So why — especially if it believes in quality — has ITV decided to cancel a second series, after it had already commissioned us to script the next series?

Because this is another way of fighting the proposals in the government's broadcasting bill.

If it can be shown that programmes of quality can be made at a lower cost, then that would make the franchises

more appealing to entrepreneurs when they come up for a "highest bidder" auction in 1992. And that is something certain ITV companies, especially those making big profits in the south, may not want advertised.

Also, by rejigging schedules (which is what programme controllers are now planning) and showing more repeats, the ITV companies will turn their franchises into cash cows and milk exceptional profits at the viewers' expense before the franchises are auctioned. Is this something the authority should allow? And if it does, is it fulfilling its remit to defend public service broadcasting?

What price quality now? After all, any savings can only come out of cutting home-made programmes. It's time we stopped the industry being

desecrated by those protecting a closed shop.

The government has also insisted that 25% of all programmes be made by independent producers. By cutting out successful companies such as mine, the ITV companies are positioning themselves in the market so that if they lose their franchises, they will be able to pick up all the expensive production deals for the new breed of broadcasters. They will then become the independent producers who will share in the 25% quota available — at the high costs that they have maintained. (I should point out that we were continually under pressure by certain network controllers to increase our original budgets for Capstick.)

This share-out of programmes was highlighted to me by the method in which we were told of the cancellation of Capstick's Law. Although a decision was supposedly only taken at a controllers' meeting last Monday (to be ratified at

another this week), a memo had already circulated a week before at Tyne Tees Television asking in-house producers if they had a replacement for Capstick for the next season.

At the end of the day there is very little independent producers can do to safeguard their position. But, if legislation is in place to open up broadcasting, then the authority should investigate these and other issues as a matter of urgency. If not, then I can only accuse it of being part of a conspiracy against the interests of the viewers and advertisers.

It is interesting that while the battles with the ITV companies continue, Messenger's dealings with the BBC have been open and productive. The corporation's prime interest is in the quality of its programmes, and consequently in the audience. That is open broadcasting.

If certain members of the ITV network are not interested in what is best for their audiences any longer, then the authority should remind them of their duty — and not allow them to run down Channel 3 as they set about irresponsibly protecting their own interests.

How Capstick was frozen out

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