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Prime Minister

GAELIC TELEVISION SERVICES

We agreed in July that officials from the Home Office, Scottish Office and Treasury would examine further the proposals for an expansion of Gaelic broadcasting put forward by Malcolm Rifkind on 30 June, <sup>at Prop 198</sup> and that I would report back when this work had reached a conclusion.

2. I am now circulating with this minute a report by officials from the three Departments. Having looked at other alternatives, they conclude that the original proposals, with some modification, would provide the best way forward if Ministers are satisfied on political grounds that something more should be done for Gaelic broadcasting. In particular officials propose:

- (a) the establishment of a Production Fund to provide 200 hours additional programming a year at a cost of possibly £8m;
- (b) an addition to the quality threshold in the Bill to require the two Scottish franchisees concerned to provide a specified number of hours of Gaelic programming, some at peak times, to ensure that programmes produced with funded money will be shown;
- (c) that the Fund should be administered either by a Committee of the ITC or by a suitable Scottish representative organisation, possibly Commun na Gaidhlig (CNAG) enlarged by broadcasting interests; and

/(d)



(d) that the Fund should be financed out of either the Home Office or Scottish Office Vote.

3. Given the Welsh precedent, I believe there is a case for some recognition of Gaelic in the Broadcasting Bill and for increasing the provision of Gaelic programmes, though at a suitably modest level. The White Paper reference to Gaelic and the subsequent debate have fuelled expectations in Scotland, even among non-Gaelic speakers. We shall come under considerable pressure on this issue during the passage of the Bill and need a positive policy to stand on if we are to resist some of the wilder demands. In my view, the proposals set out in the Annex to the officials' report meet the requirements of this minimalist approach.

4. Your Private Secretary's letter of 24 July raised three points which are considered in the report by officials. Although the reference to Gaelic in the White Paper was in the context of cable and MVDS, we all now recognise that MVDS is an inadequate transmission technology for the difficult terrain of Scotland, and the subsequent demands of the Scottish groups concerned have moved the debate on to focus on the provision of Gaelic on the existing UHF television services. I accept that the proportion of Welsh speakers in Wales is considerably higher than that of Gaels in Scotland, but that difference is, I think, well reflected in the much more modest scale of what is now proposed for Gaelic. On your final point, I am confident that we can successfully resist claims for special provision for other minority language groups. As the report argues, there is a clear and accepted distinction in this context between indigenous languages and languages of immigration. If declining minority languages need Government support, the native languages have only their own domestic Governments' to turn to.



5. The report from officials is divided on two issues: who should administer the Fund and from which departmental Vote the provision should come. While I fully understand the Treasury contention that ideally a regulatory body like the ITC should not be distributing programme money, I think we should treat these special arrangements as de minimis.

There would be great difficulty in handing over such sums of public money to a representative organisation such as CNAG which is not staffed to handle it and might not have the confidence of the broadcasters or the ITC. We do not wish to set up a new NDPB to administer these arrangements.

Accordingly I think we should opt for a Committee of the ITC.

6. It would not in my view be right for the Fund to fall on a Home Office vote. The case is a different one from that of S4C which concerns the financing of a broadcasting authority and a full television channel. Here we are concerned only with a small production fund which should fall to the Scottish Office Vote in just the same way that other initiatives for the support of Gaelic do.

7. We need to take a decision on these proposals quickly if provision is to be made in the Broadcasting Bill from the outset. If you and colleagues find them acceptable, I would propose to announce the broad lines of the scheme, but refer only to the target figure of an additional 200 hours. The precise amount of money to go to the Fund will need to be established later.

Douglass Hurd.

17 October 1989



## Gaelic Television Broadcasting in Scotland

Report by Officials of the Home Office, Scottish Office and HM Treasury

1. In the light of the Ministerial correspondence culminating in the No. 10 letter of 24 July, Home Office, Scottish Office and Treasury officials have considered further the issues raised by the proposals in the letter of 30 June from the Secretary of State for Scotland for the establishment, on a statutory basis, of a Gaelic TV Production Fund. In doing so, officials paid particular attention to the issues raised by the Prime Minister as recorded in the letter of 24 July.

2. This report concludes that while a decision as to whether or not to make specific provision for Gaelic is essentially a political one for Ministers, having regard to the pressures in Scotland, a workable scheme could be prepared on the lines proposed by the Secretary of State for Scotland. The remainder of this note considers the issues in more detail, with particular reference to the points raised by the Prime Minister and the Chancellor of the Exchequer.

Why will the market not meet Gaelic needs?

3. Officials agree that in the tighter financial climate after the award of the new franchises it is unlikely that Gaelic production would be increased appreciably above the present level of 100 hours a year. The new franchise holders will have to face increased competition for advertising revenue and higher overheads from transmission costs and franchise payments. The Gaelic-speaking community consists of some 80,000 people scattered over two franchise areas covering three-quarters of Scotland. It is too small to be a significant market for advertisers in its own right and the television companies argue that the showing of Gaelic



programmes results in a net reduction in average viewing figures - and knock-on effects for adjacent programmes on the same channel. So they are commercially unattractive. Even if MVDS technology could cope with the difficult terrain in the Highlands and west of Scotland, the dispersed nature of the Gaelic population would make it very unlikely that any economically-viable local delivery system for Gaelic TV could operate.

Why should the Government intervene?

4. Apart from English, Gaelic and Welsh are the only indigenous living languages in Britain. Welsh is supported by the complex statutory S4C arrangements which depend on a net subsidy from the ITV companies (including those in Scotland) of some £50m a year and free production by the BBC of some 500 out of the total 1,300 hours of Welsh production. The number of viewers of existing Gaelic programmes in Scotland, according to BARB, is equal to, or more than, the average number of viewers for the most popular S4C programmes (on a range between 50,000 and 80,000 viewers) although there are said to be some 500,000 Welsh-speakers in Wales. The Broadcasting White Paper said that "no change is implied in present policies towards Gaelic broadcasting". However, at that stage it was thought that commercial broadcasters on MVDS and cable might support broadcasting in Gaelic. That no longer appears to be the case and it is no longer possible therefore to argue, as the White Paper did, that "new local services should be an important means of meeting Gaelic needs". Scottish Office officials argued that that being so, the Government's recognition in the White Paper of "the importance of broadcasting to the Gaelic language and its further development" has a hollow ring if in the end nothing specific is done for Gaelic. Given the Government's commitment to maintain and encourage Gaelic as well as Welsh culture, Ministers are likely to come under pressure to provide support for additional Gaelic broadcasting.



Officials were agreed, however, that any such intervention should avoid the rigidities and inflexibility of broadcasting on a dedicated single channel on the S4C model.

Would intervention set a precedent for other minority languages?

5. Any concession to Gaelic could increase the pressures for special treatment for other languages but officials believe that Ministers could defend the position where the only help offered was to the two indigenous languages of Gaelic and Welsh. Other living minority languages in Britain have their source of linguistic and cultural invigoration outside Britain and their ultimate survival does not depend in any way on speakers in Britain. Moreover, most other major ethnic groupings are concentrated in urban areas, where MVDS and cable are far more likely to be technically and economically viable than in the Gaelic (and Welsh) speaking areas.

#### Possible mechanisms

6. Officials considered the proposals in the Secretary of State for Scotland's letter of 30 June for a Gaelic Production Fund supporting the franchise operators and administered by the ITC. They also considered, as possible alternatives -

- (a) writing into the Broadcasting Bill a specific requirement to show a minimum number of Gaelic programmes within specified hours as part of the quality threshold for Channel 3 franchisees but leaving it to those franchisees to fund the programmes; and
- (b) an arrangement to fund the actual makers of Gaelic programmes rather than the franchise holder.

7. The main argument for a specific Gaelic quality



requirement under (a) above would be that no provision would be made for any centralised arrangements for encouraging production. Bidders for the franchises would adjust their cash-bids to allow for the reduction in profitability from having to show a specified minimum of Gaelic hours. No direct Exchequer support would therefore be necessary (although Exchequer revenue would be foregone in terms of reduced franchise income). However, given the already low levels of profitability of the smaller ITV companies (Grampian in 1988 had an after-tax profit of £0.6m) and the expected increased pressures on them as a result of transmission charges, etc., officials thought that there was a danger that the net result might be the submission of negative franchise bids - which should be avoided if possible. Officials also concluded that a Fund for producers as under (b) above would not be effective unless there were a guarantee that individual programmes made with Fund help would in fact be shown - and this could be achieved best by arrangement direct with the franchise operator who could be held to particular programme schedules.

8. Officials concentrated on examining the proposals from the Secretary of State for Scotland. Under these, it was intended that the Gaelic Production Fund would be administered through the ITC. Treasury officials took the view that the ITC was intended to be a regulatory body with no direct interest in programme production and suggested that the Fund be administered by a suitable Gaelic representative organisation. Scottish Office officials pointed out that the only body which could be regarded as representative of the Gaels was Commun na Gaidhlig (CNAG) but that CNAG could not undertake such a role unless it were given substantial financial assistance from Government to meet the administration costs. Whoever administers the fund, the aim of the body would be to reach agreement annually on the Gaelic programmes whose production it would support, for showing at specified times on the appropriate networks. A specific



requirement to show a minimum number of hours of Gaelic programmes, some in peak viewing periods, would need to be written into the quality threshold in the Broadcasting Bill for the two franchises in Gaelic speaking areas. Otherwise there would be no certainty that programmes financed by the Production Fund would ever be shown.

#### Target levels of Gaelic production

9. Officials noted the view of the Secretary of State for Scotland that the target should be to aim for a total of about 300 hours of Gaelic television broadcasting a year - of which the Fund might support directly perhaps 200. This would allow for almost an hour a day on average spread across day-time, peak and night hours. Scottish Office officials believe that support at this level would satisfy the Gaels, despite their bid for some 500 hours a year, and the S4C production of about 1,300 hours for an apparently not dissimilar number of actual, as distinct from potential, viewers.

#### Funding mechanisms

10. Officials noted the proposals by the Home Secretary in his letter of 26 September to the Chief Secretary, that S4C be funded from Vote-born expenditure, and agreed that similar principles should apply for any Government support for Gaelic production. Such a Vote could be controlled by the Home Office or the Scottish Office. Treasury and Home Office officials thought that any funding should be paid from Scottish Office Votes; Scottish Office officials believed it should come from a Home Office Vote.

11. In the context of S4C, the Home Secretary and the Secretary of State for Wales have agreed that the Government should, as a matter of principle, seek to be at arms-length from the broadcasters, and should avoid any impression that



the Government intends to exercise direct control over the purse-strings. To meet that end, a statutory provision is proposed for S4C which would prescribe that its "safety-net" funding could be expressed as a proportion (to be prescribed) of total terrestrial broadcasting revenue (i.e. net advertising revenue, subscription and sponsorship revenue for Channel 3, Channel 4, Channel 5 and S4C); any change in the prescribed proportion should be made on the advice of the ITC. The Home Secretary has indicated that the Vote would need to be a non-cash limited Vote, and that in the event of a Supplementary being required (because of higher than expected total terrestrial broadcasting revenue) the Home Office should not be expected to fund that from within its own resources. Scottish Office officials proposed that similar principles to those agreed for S4C should be applied to the funding of the Gaelic Production Fund - although the Vote payment would be made direct to the ITC. Treasury officials took the view that any funding of a Gaelic Production Fund should be met from the Scottish block and cash-limited. **Scottish Office officials maintained the view that the funding should be non-cash-limited** and also took the view that, if responsibility for administering the Vote fell to the Scottish Office, additional resources should be provided for this purpose.

#### Levels of Funding

12. The prescribed initial level of funding which would form the baseline to be varied in the light of changes in terrestrial revenue (if the S4C model was to be followed) would be a matter to be determined nearer the date after consultation with the IBA/ITC. But the Secretary of State for Scotland has suggested that to achieve the target of 300 hours of Gaelic production a year across all channels (including the BBC) a sum of about £8m would be needed to supplement the £4m or so which the ITV companies (and the BBC) are already spending on their total Gaelic transmission of about 100 hours of television. If Ministers decide to



proceed with the proposed Production Fund, they will wish to consider whether they should at this stage declare the likely sum involved, or instead first set a target of extra hours and then decide the appropriate initial sum in consultation with the IBA/ITC.

13. In deciding whether or not to proceed with legislation for a Gaelic TV Production Fund, Ministers will want to address the following questions:

- (a) Do they accept that if Gaelic TV is to develop, it cannot be left to the market in the post-Bill era?
- (b) If so, do they agree that treatment of Gaelic as a special case is desirable?
- (c) If so, do they agree that the proposed statutory Gaelic Production Fund (outlined in the annex) offers the best arm's length mechanism for minimising bureaucracy and achieving the objective of increased production?
- (d) Do Ministers consider that the Fund should be administered by the ITC or by a body representative of the Gaelic community, e.g. CNAG?
- (e) Should any Gaelic Production Fund be financed from a Home Office or Scottish Office Vote; if from a Scottish Office Vote, should the payments be absorbed within the Scottish block; and should the payments be cash-limited?
- (f) Do they agree with the Secretary of State for Scotland's view that the Fund should be sufficient to finance an additional 200 hours a year - with a target total of some 300 hours a year (including BBC production)?



(g) Should the two franchise holders operating in the Gaelic speaking area be required by the ITC to show a specified number of hours of Gaelic programmes, some at peak viewing periods?

14. If Ministers decide to proceed with the Fund on the basis of the proposals in the annex, officials will consult urgently with the IBA and prepare the necessary drafting instructions.

Home Office  
October 1989



A POSSIBLE "GAELIC TELEVISION PRODUCTION FUND"

**Aim**

To promote good quality Gaelic television production on Channel 3, to supplement companies' existing levels of production, and in association with a continuing commitment to Gaelic television from the BBC.

**Objective**

To fund a further 200 hours of production so that total Gaelic television production on all channels rises to some 300 hours a year.

**Funding**

An additional £8m a year would be required to supplement companies' existing commitments, estimated at some £4m. The precise amount to be determined by order prescribing a specified proportion of total terrestrial broadcasting revenue (i.e. net advertising revenue, subscription and sponsorship for Channel 3, Channel 4, Channel 5 and S4C).

**Constitution**

The Fund would be administered by a Committee of the ITC or by a Scottish representative organisation, possibly Commun na Gaidhlig, enlarged by broadcasting interests.

**Method of Working**

The Fund would annually indicate to the Channel 3 companies (STV and Grampian or their successors) its intentions for the following year to fund a specified number of hours of Gaelic



broadcasting, with an indication of the proportion of that attributable to, say, schools broadcasting, the arts (music, drama, literature, etc), sport and general interest. The companies would be invited to tender proposals for the production and showing of such programmes in their schedule of Gaelic programmes at agreed times. As a matter of policy, the Fund would expect a significant proportion of the programmes to be produced by independent producers.

#### **Need for Legislative Backing**

The ITC would need to be statutorily enabled to require a commitment to Gaelic broadcasting from the Channel 3 companies as part of their regional quality/diversity requirements. (It is envisaged that access to the Production Fund would be conditional on a satisfactory delivery of Gaelic programmes, particularly for news and current affairs, in their basic schedules.)

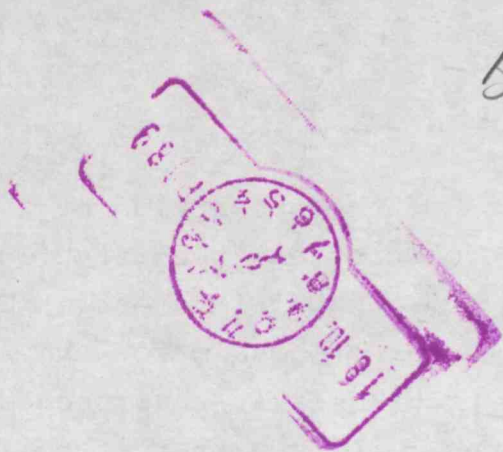
#### **The BBC**

The Production Fund would not be available to support the BBC, but agreement would be sought from the BBC at least to maintain its existing levels of Gaelic production.

October 1989



Broadcasting - being #9





CSA



PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

6 October 1989

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Dear Catherine,

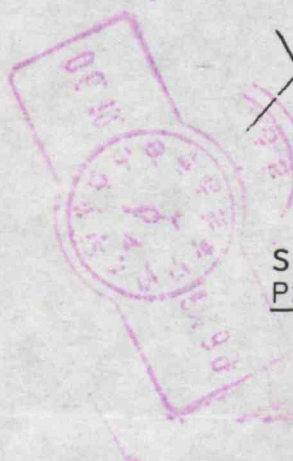
**BROADCASTING BILL: ADVERTISING IN RELATION TO INDUSTRIAL DISPUTES**

The Lord President has seen the exchange of letters between the Home Secretary and the Secretary of State for Employment. He has commented that while he agrees that the balance of argument lies with the Home Secretary's position he has some sympathy with the concern expressed by the Employment Secretary. He considers, therefore, that very great care indeed will need to be taken in considering the implications and fine detail of the legislation.

I am copying this letter to the private secretaries to members of MISC 128 and to Trevor Woolley.

Yours ever

S D CATLING  
Principal Private Secretary



Miss Catherine Bannister  
Private Secretary to the  
Home Secretary