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From the Private Secretary

1 December 1989

Dear Sir,

CHANNEL 4

Thank you for your letter of 28 November. The Prime Minister was grateful for the Home Secretary's further consideration of this issue. She is content with his proposals that the Channel 4 Trust should consist of between 7 and 9 trustees; that two of the trustees should serve ex officio as the Chief Executive and his deputy; and that the ITC should appoint the remainder subject to the approval of Government, but with the power to dismiss trustees without Government approval.

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

Yours
Paul

PAUL GRAY

Colin Walters, Esq.,
Home Office

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HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

28 November 1989

Dear Paul

CHANNEL 4

Catherine Bannister wrote to you on 28 September setting out Mr Hurd's revised proposals for Channel 4. Since then the present Home Secretary has discussed the matter further with the Prime Minister, and Mr Mellor has subsequently been in touch with Professor Griffiths.

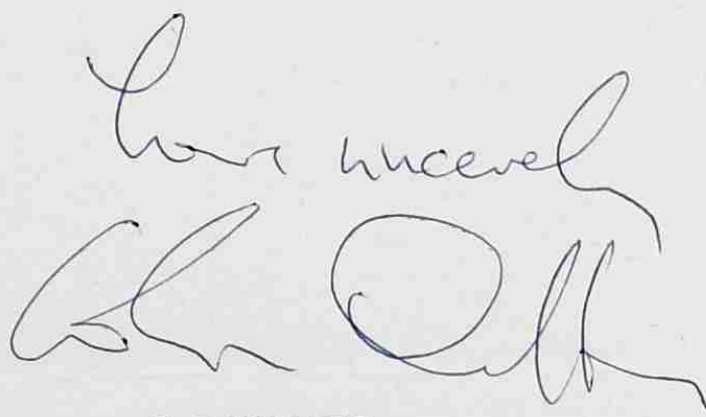
The Home Secretary remains concerned that the appointment of trustees by the Government is likely to be represented as a threat to Channel 4's independence. He is particularly concerned to learn that Sir Richard Attenborough has threatened to resign as Chairman of Channel 4 if the Government insists on controlling appointments. Such a move, he considers, would inevitably add to criticism of Government proposals and create a very unfavourable climate of opinion in relation to the Bill as a whole. Particular difficulties could be expected in the House of Lords. Lord Whitelaw has told David Mellor that if the Bill provides for Government appointments of the Channel 4 trustees there will be strenuous moves in the Lords to substitute ITC powers of appointment and he would feel obliged to speak out publicly in support of such action. The Home Secretary also agrees with his predecessor that in order for the ITC effectively to have some control over the Channel 4 remit it is necessary for them to have the ultimate sanction of dismissing the trustees.

Nevertheless, the Home Secretary notes the Prime Minister's concern and recognises the dangers inherent in a scheme which gives the Government no say in the appointment of the majority of trustees to Channel 4. He therefore proposes the following alternative scheme. The Channel 4 Trust would consist of between seven and nine trustees, the exact number to be determined by the Secretary of State. Two of these trustees would serve in an ex-officio capacity as Chief Executive of Channel 4 and his Deputy. The ITC would appoint all of the remainder, but subject to the approval of the Government. They would have the power to dismiss trustees without Government approval. The Home Secretary considers that this arrangement has a number of attractions. First, it ensures that no trustee could be appointed of whom the Government did not approve. Second, it clearly places the initiative for appointment at arm's length from the Government. Third, it retains the necessary sanction for the ITC to dismiss trustees.

An alternative possibility, but one which the Home Secretary regards as less attractive, would be to provide, as proposed in our letter of 28 September, for a majority of the trustees to be appointed by the ITC, but to

modify the proportions of the appointments to be made by the ITC and the Government. On this approach there would be nine trustees, four appointed by the ITC, three by the Government and the remaining two being, as before, the Chief Executive and his Deputy. This arrangement would increase the number of Government appointees by one with a corresponding decrease in the number of ITC appointees. It would, therefore, to that extent strengthen the Government's influence over the composition of the Trust. But since the Government, on this model, could clearly not presume to influence the ITC's choice of trustees, the Home Secretary considers that this is a less satisfactory solution, in these terms, than one in which the Government could express a view on all the members of the Trust. It is also likely that this approach would attract more criticism in Parliament and outside because of the extent of Government involvement in the appointment process. For reasons both of policy and Bill management, therefore, the Home Secretary would prefer not to go for this option.

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

Yours sincerely


C J WALTERS

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BROADCASTING - Channel 4, PT3.

