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PRIME MINISTER

It is proving extraordinarily difficult to finalise the arrangements for Channel 4.

Following a discussion with Brian last Friday you agreed with the Home Secretary's revised proposal that the members of the Channel 4 Trust should be appointed by the ITC, subject to the approval of Government, but with the ITC having power to dismiss Trustees without Government approval.

The further letter from the Home Office (attached) now reopens one of the earlier aspects of the Channel 4 arrangements.

Following exchanges with the former Home Secretary you had agreed that there should be a two tier structure under which:

Much
the
best
structure

- the Trustees would lay down guidelines and carry ultimate responsibility for the affairs of Channel 4.
- a Management Board, comprising the executives, would run Channel 4 on a day-to-day basis on the basis of these guidelines.

The Home Office now say that Richard Attenborough and Michael Grade will not accept this approach. They are demanding a big increase in the number of Trustees from the proposal you agreed on Friday of between 7-9 to between 13-15. This would enable all the key executives to join the main board. The threat is that, if the Government does not accept this change, Attenborough and maybe others will resign.

Then so be it. Parliament decides
- not Channel 4

Against that background, and bearing in mind the very tight timetable and general difficulties of the Bill, the Home Secretary concludes that a change to a Board of 13-15 should be accepted. *This is ridiculous*

I have discussed this with Brian Griffiths. We are agreed that, on merits, the existing approach is far superior. And it is

distasteful to be faced with the kind of threat Attenborough is putting forward. You will however want to consider the political arguments that the Home Office letter puts forward. Although there is no hard intelligence, Brian's impression is that Lord Whitelaw may not be so sympathetic to this latest demand from the Channel 4 lobby as he was to the proposal for the ITC to have the power to appoint the Trustees.

Conclusion

- i) Do you want to stick to the earlier agreement for a two tier structure with a relatively small main Board of Trustees and accept the risk that Attenborough and others may resign?

or

- ii) Content to make the further change recommended by the Home Secretary?

I should prefer to discuss with the Home Sec

PCG.

Paul Gray

6 December 1989

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