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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon David Waddington QC, MP
Secretary of State for the Home Department
Queen Anne's Gate
LONDON
SW1H 9AT

25 January 1990

Dear Home Secretary, file into Pa.

FUTURE OF IBA EXPERIMENTAL AND DEVELOPMENT DEPARTMENT

Your letter of 18 January proposed that the IBA's Experimental and Development (ED) Department should be privatised as part of the Transmission Company, provided it can prepare a robust business plan that suggests it can at least cover its costs.

You also suggest that we should not let this approach depress the overall proceeds of the sale. I agree, but suspect this is a more difficult condition to meet. Given the danger that even a robust business plan may fail, the prospect of the ED department earning a profit will need to be greater than the risk of it losing money. Once a business plan has been prepared, I suggest you ask your financial advisers to the sale whether including the ED department in the transmission company would be likely to depress the privatisation proceeds. We can then take a decision on the basis of that advice.

I am copying this letter to the Prime Minister, to other members of MISC 128 and to Sir Robin Butler.

Yours sincerely,

PP PETER LILLEY

(Approved by the Financial Secretary and signed in his absence)

BROADCASTING Policy Pt 10.

