



KCW

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From the Private Secretary

12 June 1990

Dear Sarah,

BROADCASTING BILL: NETWORKING

Many thanks for your letter of 5 June setting out revised proposals for networking arrangements.

I put your letter forward to the Prime Minister over the weekend. The Prime Minister has noted the proposals without comment.

I am copying this letter to the Private Secretaries to members of MISC 128, Scottish Office, Northern Ireland Office and Cabinet Office.

Yours

Barry

BARRY H. POTTER

Ms Sara Dent
Home Office

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COPU

Prime Minister



Brian G. is content with ~~case~~

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revised proposals on networking. The

key point is that the companies would be

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allowed to form ~~their own~~ own networking arrangements, without

Dear Barry

intervention of the ITC. Only if no agreement emerged,

would the ITC be able to require the licensees to

BROADCASTING BILL: NETWORKING

except a particular networking scheme.

file with CP

BHJ
7/6

Thank you for your letter of 9 May, proposing that Home Office officials should discuss with Professor Griffiths how the difference of views over networking between the Prime Minister and the Home Secretary should best be resolved. Officials have now had a very useful meeting with Professor Griffiths, which has pointed the way to a revised approach to the networking problem.

The Home Secretary now accepts that it may be better to avoid giving the ITC power to specify a network arrangement in advance. Instead, he proposes that the Channel 3 quality threshold should include a new provision requiring a sufficient proportion of programming to derive from arrangements agreed between licensees for securing co-ordination in the production, supply and scheduling of programmes for regional Channel 3 services. Such a provision would focus the attention of applicants on the need to conclude suitable networking arrangements, without at that stage giving the ITC any formal power to specify a particular networking scheme. As with the other elements in the quality threshold, the ITC would be expected to give general guidance to applicants as to how this requirement might be satisfied, but this would stop well short of prescribing, and subsequently enforcing, one particular arrangement.

Licensees, on appointment, would be free to seek to conclude whatever networking arrangements they wished. The expectation would be that voluntary arrangements of this kind would be concluded without the intervention of the ITC. As a fallback, however, should voluntary arrangements not have materialised within a specified period of the award of the licence, the ITC would be able to impose a scheme of networking on the licensees. Any imposed arrangements would last for a maximum of two years, or for such shorter period as was agreed among the licensees themselves.

George Russell has made clear that the ITC, under such an arrangement, would not expect to devise a completely new networking scheme. Instead, they would hope simply to be able to roll forward the new networking arrangement presently being negotiated among the existing ITV companies, assuming this produces an outcome which is acceptable in terms of free access and fair competition. The Home Secretary has considered requiring the ITC to impose these arrangements, rather than leaving them with discretion in the matter. But although the signs are promising, we cannot at this stage be certain that

satisfactory arrangements will in the event be negotiated by the present companies, and there would clearly be no attraction in further prolonging the kind of networking arrangements currently in operation which clearly favour certain companies at the expense of others.

In order to provide reassurance that future networking arrangements were fair, and in particular did not discriminate against smaller companies and/or new entrants, the Home Secretary proposes that OPT should be required to confirm that such arrangements - whether negotiated by the licensees or imposed by the ITC - offered fair and free access by all licensees to the network.

OPT would not be expected to consider wider competition issues, but simply to ensure that the arrangements were such that the larger companies could not take advantage of their size to inflict unfair conditions on smaller companies. If colleagues agree with this general approach, the Home Secretary would propose to discuss in detail with Sir Gordon Borrie the exact role which OPT should play.

The Home Secretary hopes that an arrangement on these lines will meet the concerns which the Prime Minister had in relation to his earlier proposal. He continues to believe that a scheme of this kind, with some basic statutory underpinning for a network, is of the greatest importance in securing a satisfactory transition to the new regime.

Because of the time taken to resolve this issue, however, some of the existing ITV companies now no longer believe that the Government is likely to address networking in the Broadcasting Bill. The Home Secretary would welcome the opportunity to make clear as soon as possible that this is not so.

I am copying this letter to the Private Secretaries to members of MISC 128, to Jim Gallagher (Scottish Office), Stephen Leach (Northern Ireland Office) and Sonia Phippard (Cabinet Office).

*Yours sincerely
Sara*

MS S J DENT

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BROADCASTING: Policy Pt 1

