



10 DOWNING STREET

PRIME MINISTER

When you saw the H paper at Flag A, you asked whether the Home Secretary had considered ways of severely limiting the role in the second ITV channel for the major programme companies within the current ITV system.

The attached reply from his office argues (with little detail, and perhaps not much conviction) that the Home Secretary has in mind a higher quality of output from the second ITV channel, and that additional companies would only come forward if they could put themselves in straight competition with the existing ITV and BBC channels. But he points out that the existing franchises will be up for renewal in 1982, so that some changes are possible, if unlikely, then.

Do you want to pursue this further, perhaps by asking for a more detailed argument as to why a different sort of ITV service could not be provided if there were a greater limitation on participation by the five existing network companies?

26 July 1979

MAD
Leave it, done
d. [unclear] [unclear]

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HOME OFFICE
QUEEN ANNE'S GATE LONDON SW1H 9AT

25 July, 1979

Dear Mike

The Home Secretary has seen your letter of 18th July in which you conveyed the Prime Minister's enquiry whether the Home Secretary had considered means of encouraging more new companies to provide programmes for the fourth channel, leaving little for the existing companies.

In theory the I.T.V. Companies who, under the Home Secretary's proposals, will be allowed to supply programmes for the fourth channel could be different from the existing ones, since new franchises are to be awarded by the I.B.A. to run from January 1982. In practice there are not likely to be any really radical changes (though, of course, we are not privy to I.B.A. thinking about this) although there may well be some changes, particularly perhaps in the areas served by the various companies.

It would be possible to make provisions for the fourth channel which would give opportunities for new commercial companies to play a major part; but this would almost certainly not be a financially viable proposition unless we also abandoned the ideas we have put forward about the kind of service we want to see on this channel. We would have instead to allow straight competition for mass audiences between the two independent television channels.

The Home Secretary would naturally be glad to see companies other than the I.T.V. ones producing more of the material for the fourth channel than the 15% to 20% which his paper envisages for them, but he thinks that it would be imprudent to plan on the assumption that much more than this would in fact be forthcoming.

Yours sincerely

Christine Stewart

MISS C. J. STEWART

Mike Pattison, Esq.,

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