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MANAGEMENT IN CONFIDENCE

file Bot



bc John Redwood,

10 DOWNING STREET

From the Private Secretary

9 March 1984

Proposed Review of BBC External Services

The Prime Minister has seen your letter of 5 March about the above Review.

Mrs. Thatcher has commented that she believes that the Review will raise alarms and be very difficult to present. I note that Ministers are being consulted about the public presentation. I should be grateful if in due course you could let me know the conclusions reached by Ministers so that the Prime Minister can look at this matter again.

A. J. COLES

Brian Fall, Esq.,
Foreign and Commonwealth Office

MANAGEMENT IN CONFIDENCE



10 DOWNING STREET

Prime Minister.

Review of BBC External Service

You may wish to know where
this proposal stands.

A.C.C. - $\frac{P}{3}$.

I think it will raise
claims which will be
very difficult
to meet.

cc/c



Mr. Sedwood

Foreign and Commonwealth Office

You may like to have a word.

London SW1A 2AH

A.C. 5/3

Yes not

32/3

FR 6/3/84

5 March 1984

Mr Coles

Dear John

fine, if the objectives are explained to the press - do not include some cuts Jc

Proposed Review of BBC External Services

We spoke on the telephone about the proposed review of the BBC External Services and you asked what the position was.

The review originated in attempts by FCO, Treasury and Home Office officials to find a way around the problem which has arisen in each of the last three years when the cash limits applied to the External Services' grant-in-aid have proved inadequate to cover the pay settlement negotiated between the BBC as a whole and the broadcasting unions.

The idea of a review was endorsed in principle by FCO Ministers in the summer of 1983 and supported by the Treasury. You may recall that on 12 August 1983 Timothy Flesher wrote to John Holmes to say that Mrs Thatcher agreed generally with the approach set out in the Chief Secretary's letter of 10 August to Sir Geoffrey Howe, which had agreed that the idea of a review was worth pursuing. The Prime Minister had further commented that the BBC could not go on increasing pay while retaining overmanning and inefficiency.

We will now be consulting Ministers about the terms of reference on the basis of a draft (a copy of which I enclose by way of background) which has been agreed by officials; and also about how best to present them to the BBC. We envisage that the review will be conducted by a three-man enquiry team headed by the Treasury and including representatives of the BBC and the FCO, guided by a steering committee headed by the BBC and including representatives of the FCO, BBC and MPO. We hope it will start in mid-April and last about three months.

We are also consulting Ministers about the public presentation, which will need to be handled with care. We have it in mind to suggest to the BBC that there need be no formal announcement (e.g. by means of a PQ, the means used at the time of the last Civil Service Department review); but that the review should be seen as part of the normal process of relations between the External Services and the government department to which they are accountable. We would expect that the BBC would want to make an announcement

/to their



to their own staff, and we would propose to agree a line with them which News Department could also use for answering questions. Any such announcement would make it clear that the review is for the purposes set out in the enclosed terms of reference. These are obviously not directed towards cuts in the External Services. Rather, we wish to ensure that we are receiving value for money for the BBC's annual grant-in-aid. We hope also that it may lead to a solution to the pay problem, and that it may produce some practical ideas about the application of new technology.

*Answered,
John*

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

INDEPENDENT REVIEW OF BBC EXTERNAL SERVICES

TERMS OF REFERENCE

The Review Team will be appointed by the Secretary of State for Foreign and Commonwealth Affairs:

To examine the extent to which the BBC External Services meet the national objectives agreed with the FCO;

To consider how efficiency and value for money can be improved, taking account of recent developments in technology;

And to report to the Secretary of State for Foreign and Commonwealth Affairs.

For the purposes of the review, the Team will have access to documents and records in the BBC and in the Foreign and Commonwealth Office, and the right to interview employees of both organisations and to examine the management and financial procedures used by the BBC External Services, including pay, recruitment and complementing, identifying areas where improvements or economies can be made; will consider the application to the External Services of the principles of the government's Financial Management Initiative as described in Cmnd 8616 and Cmnd 9059; and will compare the operation of similar broadcasting services in selected allied countries, examining the extent to which the BBC External Services are or should be complementary.