

From: THE PRIVATE SECRETARY

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9 September 1988

Dear Nigel,

Your letter of 19 July, which we subsequently discussed, invited me to let you have brief notes as necessary in preparation for the Prime Minister's meeting on 14 September with the Chairman and Deputy
..... Chairman of the BBC. Short notes on the points we discussed, viz the BBC's treatment of terrorism, the licence fee, subscription and efficiency are attached.

Yours sincerely,

P J C MAWER

N L Wicks, Esq., CBE.

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PRIME MINISTER'S MEETING WITH CHAIRMAN OF THE BBC

BBC'S TREATMENT OF TERRORISM

The Home Secretary and the Northern Ireland Secretary had an unpublicised meeting with the Chairman of the IBA and the BBC in July. Ministers expressed their concern about the possibly damaging effect of broadcast treatment of terrorism and related matters. It was a very constructive meeting, with the broadcasting authorities acknowledging that mistakes had been made in the past (for example the showing by ITN of staged funeral rites which both the IBA and ITN say they will not repeat). There is to be further contact at official level. But it is believed that the fruits of the meeting can already be seen, for example in more responsible treatment of recent funerals in Northern Ireland. The Prime Minister may wish to allude to these constructive exchanges.

BBC LICENCE FEE

The present position is that the licence fee has been indexed to the RPI for at least three years: that is until the end of March 1991. The BBC has undertaken to live within the constraints this deliberately imposed. Mr Hussey may allude to the 'three year review' of this arrangement, though the Government has not committed itself to such a review. It has said no more than that the arrangements will last for at least three years.

SUBSCRIPTION

The current position was explained in the Home Secretary's Minute to the Prime Minister of 19 August (copy for convenience attached). This proposes that the BBC should be authorised to run downloaded subscription services; that they should be allowed to retain the use of the night hours of both channels on condition that they use them both as fully as possible for subscription services; and that the Home Secretary should, in conveying that

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decision, underline that the level of the licence fee from April 1991 should take account of subscription income. Although the BBC is aware that Ministers are considering the future of the night hours, and the question of subscription for BBC services, they are not of course aware of these proposals.

COST CONSCIOUSNESS AND EFFICIENCY

The squeeze applied by the indexation of the licence fee to RPI is already taking effect. The BBC is committed to achieving a 1% reduction in staff costs each year, and a 10% reduction in local radio operating costs. £25m a year (and rising) is being saved on television expenditure to finance independent productions. Substantial savings are being achieved in engineering through efficiency gains and more effective management of energy and accommodation.

<mc>Min/PM/Mtng/BBC

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