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From the Private Secretary

6 July 1990

BBC LICENCE FEE

The Prime Minister was grateful for the Home Secretary's minute of 5 July proposing a study by consultants on the efficiency of the BBC. This would be designed to identify the scope for further possible improvements and hence cost savings.

The Prime Minister is content to proceed as the Home Secretary proposes. The Prime Minister would be grateful, however, if the No.10 Policy Unit could be involved in the setting in place of the proposed study, including the drawing up of the terms of reference.

BARRY H. POTTER

Colin Walters, Esq.,
Home Office

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cc PU



Prime Minister

'X' seems sensible.

Content?

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CEP/6

Prime Minister

Yes

BBC LICENCE FEE

At our bilateral on 24 May we discussed the proposals in my minute of 11 May for the handling of the next BBC licence fee settlement.

2. You expressed misgivings about the proposal that the Home Office should retain consultants to examine the revenue raising potential of any new commercial ventures undertaken by the BBC, in addition to the night hours subscription services which we have already approved. Although this was not the intention, I accept that there is a danger that this might encourage expansionism on the part of the BBC.

3. However, even if our consideration of the licence fee settlement focuses primarily on the scope for further cost savings rather than extra income, I remain of the view that the Home Office needs a source of independent advice as the basis for scrutiny of the BBC's proposals. I still consider, therefore, that a study would be useful, but that it should be directed mainly to identifying the scope for further possible efficiency savings. If you agree in principle, my officials will consult the other Departments concerned about the terms of reference. The study will need to be established very soon, if there is to be sufficient time to consider its findings.

[Handwritten signature]

5 July 1990

