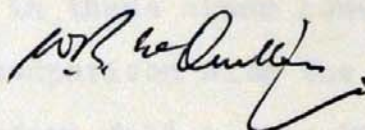


- Mr Daunt, Southern European Dept, W70.
- Mr Gladstone, Western European Dept, W62. ✓
- Mr White, South Asian Dept, W132.
- Mr Simons, South East Asian Dept. W85.
- Mr Ure, South America Dept. K267.
- Mr Shakespeare, Mexico and Caribbean Dept, K364.
- Mr Johnson, West African Dept, K273.
- Mr Robson, East African Dept, K322A.
- Mr Munro, Middle East Dept, W96.
- Mr Tomkys, Near East and North Africa Dept, W75.

WR 306/1
... 13
- 8 AUG 1979
je.

REVIEW OF PUBLIC EXPENDITURE: BBC EXTERNAL SERVICES

I attach a draft submission on the above-mentioned subject which we should like to put up to Ministers early in the week beginning 13 August. As you will see, the recommendations could affect BBC vernacular services to countries for which your department is responsible. I should therefore welcome your comments which, if critical of the recommendations, will be incorporated in the submission. If you could reply by Wednesday 8 August it would be a great help.

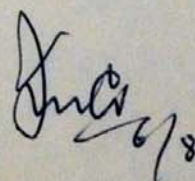


W R McQuillan  
Information Policy Department

3 August 1979

- Mr Jukes *ack 6/8*
- Mr Nashy *RM 6/8*
- Mr Carter *6/8*
- Mr Laming *discussed*
- Miss Attwood *PA 6/8*

(I think we had better discuss at Tuesday's morning meeting)





Registry No.

DRAFT SUBMISSION

Type 1 +

SECURITY CLASSIFICATION

- Top Secret.
- Secret.
- Confidential.
- Restricted.
- Unclassified.

To:-

FROM  
 W R McQuillan  
 Telephone No. Ext.

Department  
 IPD

PRIVACY MARKING

..... In Confidence

PROBLEM

1. The nature of the cuts to be made to the BBC External Services following Cabinet's decision to prune their 1980/81 PESC programme by £4 million.

RECOMMENDATION

2. If the BBC can offer savings, without reducing their broadcasting services and without any adverse effects - including delays - to their capital programme to improve audibility, I recommend that such savings should be accepted. Economies in these areas however are likely to be small in comparison with the total required. It will therefore fall to the FCO to decide what services should be cut. I recommend that the World Service should be preserved untouched and that such cuts as may be necessary should be made in the vernacular services. A list of such services in order of eligibility for cutting is at Annex A. The detailed costings will have to be checked with the BBC.

A

/BACKGROUND AND ARGUMENT

NOTHING TO BE WRITTEN IN THIS MARGIN



## BACKGROUND AND ARGUMENT

1. The Government have decided that the BBC External Services as a grant-aided body cannot be excluded from the current review of all aspects of future plans for public expenditure.
2. On 1 June Mr Leahy wrote to Mr Mansell, Managing Director of BBC External Services, on a confidential basis asking him to propose options in the context of the Chief Secretary's exercise to reduce public expenditure by  $7\frac{1}{2}$  per cent in 1980/81,  $12\frac{1}{2}$  per cent in 1981/2, and  $17\frac{1}{2}$  per cent in 1982/83. In his reply of 6 June Mr Mansell chose to show only what would be involved in reducing expenditure by  $17\frac{1}{2}$  per cent in the final year.
3. Following a meeting between the Secretary of State and the Chief Secretary it was agreed that the BBC External Services contribution to cuts should be £4 million in 1980/81 (approximately  $8\frac{1}{2}$  per cent of their PESC programme for that year). Lord Nicholas Gordon Lennox accordingly asked Mr Mansell to provide options for this revised sum. Mr Mansell replied by letter on 11 July (Annex B). Cabinet subsequently endorsed the figure of £4 million.
4. Although no public announcement has been made about the Cabinet's decision to exact a cut of £4 million from the BBC's PESC programme in 1980/81, and although the BBC have not been formally told of the amount, the BBC have chosen to act as if the figure of £4 million were public knowledge and have orchestrated a campaign in both Houses of Parliament, in the media, and by means of letters from the public, with the object of attempting to persuade the Government to draw back from its decision.

B



C

5. The Prime Minister in a reply (Annex C) to a letter from Sir Michael Swann of 30 July said that she would ensure that there was detailed discussion between the management of the External Services and the Foreign and Commonwealth Office about the implementation of any economies; and it has been agreed that the Secretary of State, after his return from Lusaka, will inform the Chairman of the BBC formally but in confidence of the amount of cuts to be made and of the readiness of FCO officials to meet with the management of the External Services to discuss the form of such cuts.

D

6. Before FCO officials meet with representatives of the BBC, however, it is important that Ministers should approve the line to be taken, especially as the BBC have warned that they will resist any cuts to vernacular services, the prescription for which is clearly the responsibility of the FCO. Past experience suggests that when faced with the prospect of actual staff cuts in their Bush House operation (a certain consequence of cuts in vernaculars) the BBC will find new options for savings based on the postponement or rephasing of their capital expenditure programme, (financial details of which are at Annex D). The capital expenditure programme however is already long overdue and most if it has a direct bearing on audibility (including that of the World Service) to which Ministers attach great importance. For this reason we have not recommended that savings be accepted in this area, unless it can be shown convincingly that they would occur anyway i.e. through unavoidable delays in the supply of equipment etc. An additional reason for not milking the capital expenditure programme is that if the percentage cuts in public expenditure are to be cumulative



over the next three years, a constant reduction of only 8 per cent per annum on the BBC grant-in-aid would wipe out the capital programme altogether in the period under review.

7. Neither have we recommended reductions in the Monitoring Services or closures of relay stations. The former have implications for defence and intelligence and any cutback would adversely affect our relations with the US Government who are our partners in this field. Closure of relay stations has also been eschewed because of the adverse effects which this would have on reception of the World Service in English.

8. For practical purposes then we must look to the vernacular services to provide the major part of the necessary savings. The order of eligibility for cutting at Annex A takes into account the priorities expressed by the Prime Minister and Secretary of State, (i.e. that so far as possible the World Service and services to Communist countries should be preserved and audibility maintained). Otherwise it is based on the recommendations of a Working Party of officials from the FCO and Department of Trade who reported twice on this subject during the past year. It will be seen that the order of priority approximates fairly closely to the first set of options contained in Mr Mansell's letter of 11 July to Lord Nicholas Gordon Lennox. The costs contained in the submission however do not tally exactly with those in Mr Mansell's letter under reference and will have to be upgraded when we have the opportunity of checking them with the BBC. In the absence of any other

/ last



last minute economies which the BBC may offer, <sup>but</sup> ~~and~~ making allowance for some revaluation of the figures upwards, we would hope that we would not have to cut <sup>much</sup> further down the list than number 12 (i.e. Portuguese to Brazil)

9. Any list of priorities must be to a certain extent arbitrary and cannot be expected to meet with general consent. All services have their defenders, and although the BBC claim that their audience figures are scientifically based, there is little firm ground to judge from. Furthermore, changing political conditions in various parts of the world make judgements at best relative and temporary.



## ANNEX A

## VERNACULAR SERVICES: ORDER OF ELIGIBILITY FOR CUTTING

	Language	Approx Saving (BBC calculations)	Notes
1.	Maltese	8,000	
2.	French (including French to Africa)	670,000	a
3.	German	640,000	b
4.	Finnish	140,000	
5.	Burmese	150,000	
6.	Italian	180,000	
7.	Greek	180,000	c
8.	Turkish	170,000	c
9.	Spanish to Spain	160,000	
10.	Portuguese to Portugal & Portuguese Africa	180,000	d
11.	Spanish to S. America	430,000	e
12.	Portuguese to Brazil	250,000	
13.	Nepali	20,000	
14.	Urdu	180,000	
15.	Bengali	170,000	
16.	Tamil	25,000	
17.	Hindi	250,000	
18.	Persian	200,000	
19.	Indonesian/Malay	220,000	f
20.	Thai	120,000	
21.	Vietnamese	180,000	g
22.	Hausa	180,000	
23.	Somali	120,000	
24.	Swahili	180,000	

/ Notes



Notes

- (a) To abolish French to Europe but retain French to Africa is uneconomic, the saving being less than one half.
- (b) This service includes broadcasts to GDR, a communist country. This is contrary to the overriding caveat about broadcasts to Iron Curtain areas but we are swayed by the consideration that in the absence of the BBC, German listeners would use alternative transmissions from FRG.
- (c) It would be impolitic to abolish Greek or Turkish unless both were cut.
- (d) Maputo have stressed the importance of the Portuguese broadcasts to Mozambique. And the Portuguese Ambassador has expressed his hopes that the service in Portuguese may continue.
- (e) This would include broadcasts in Spanish to Cuba.
- (f) Mr Lee, the Prime Minister of Singapore places great value on this service and the continued use of the Singapore relay station.
- (g) Current problems make it increasingly important to retain this service.
- (h) It is not proposed that there should be any abolition or reduction of vernacular services to East & Central Europe, China, Japan or the Arab-speaking countries.  
*(with the exception of (b) above)*



CAPITAL EXPENDITURE PROGRAMME TO IMPROVE AUDIBILITY:  
FINANCIAL DETAILS

A sum of £23.4 million (1979 Survey Prices) has been included in the current Public Expenditure Survey Programme for capital expenditure by BBC External Services. Most of the sum is earmarked for new or improved transmitters to enhance the audibility of External Services. There is also an element for continuing modernisation of Bush House.

Financial details are as follows:

	1979 Survey Prices					£ million Total
	1979-80	1980-81	1981-82	1982-83	1983-84	
Capital	1.8	7.8	6.2	4.3	3.3	23.5 (rounded)
Recurrent costs	0.1	0.3	0.9	2.1	2.7	

In the year 1984-85, capital expenditure of £1.8 million is required to complete the audibility programme at a total cost of £25.3 million; when the programme is complete, recurrent costs will be £2.8 million (all at 1979 Survey prices).