

E.R.

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MR. WHITMORE

- 1. Mr. ~~Hampton~~ ^{To see}
 - 2. PA. ^{with G.V.}
- BBC VISIT

You may care to have this note for the record.

The Prime Minister toured parts of Broadcasting House on Wednesday, April 30, after taking part in the Jimmy Young Show. The visit ended with an informal lunch at which were present:

- | | |
|---------------|---|
| Ian Trethowan | - Director General |
| Aubrey Singer | - Managing Director, BBC Radio |
| Paul Hughes | - Director of Finance |
| David Holmes | - PA to the Director General |
| Monica Sims | - Controller, Radio 4 |
| Peter Woon | - Editor Radio, News and Current Affairs. |

After the Prime Minister had briefed those present at their request on the Euro Council in Luxembourg, the Director General raised the whole question of BBC financing. Essentially, he instanced a number of possible alternatives to, or variations of, the present licence system:

- i. indexation - the ideal, though the BBC recognised the counter arguments;
- ii. the appointment of a review body to make recommendations for the future level of licence. This would enable the BBC to deploy [REDACTED] its case for an increase in licence and so build up public acceptance for it, taking account of managerial performance and productivity (on which they thought they had a good case);
- iii. advertising/sponsorship to which the BBC was fundamentally opposed;
- iv. grant in aid which the Prime Minister and

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/BBC

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BBC agreed was not on;

- v. Pay-TV which the BBC, while very interested in it, regarded as a longer term source of revenue;
- vi. a levy on sales of radio and/or TV sets, or, more attractively, video tape recorders.

The BBC sought to put the cost of the present licence in perspective - two-thirds of the cost of a pint of milk or half a Mars bar a day - and argued that at this level it was cheap at the price. They saw the need for more easy payment, given the problems - e.g. loss of the present stamps- such as monthly payment across the Post Office counter. There were, however, cost and manpower problems in this.

The BBC went on to argue that the problem of increasing the level of the licence in line with indexation might be eased if pensioners were exempted from the licence. The Prime Minister, while acknowledging that this might be popular, pointed to the additional burden this would place on the rest of the community and its effect on the Index of Retail Prices which unions used as their negotiating base.

She then pursued the BBC on their opposition to advertising if only on a limited scale on popular programmes such as Radio I (She acknowledged that she had little enthusiasm for sponsorship).

The BBC's main arguments against advertising were:

- i. once introduced, the BBC would be on a slippery slope to commercialism; and
- ii. it would lead to a reduction in standards through a striving for audience.

/Mr. Singer

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Mr. Singer also objected to advertising on young people's programmes (e.g. Radio I) because it would encourage 'covetousness' in them. There followed a lively exchange during which the Prime Minister demanded to know who around the table did not covet a higher standard of living and who had declined an increased salary on that or any other account over the last 12 months.

Other issues raised were:

Carrickmore: the Prime Minister said this incident was a disgrace; the BBC, somewhat half-heartedly, tried to defend their actions; the Prime Minister also pointed out that when she saw the Irish, they reminded her that their Prime Minister could slap a directive on their broadcasting authorities forbidding broadcast interviews with proscribed organisations; she would not do that but the BBC's freedom required the acceptance of responsibility. Mr. Woon argued that one of the necessary freedoms was freedom of information.

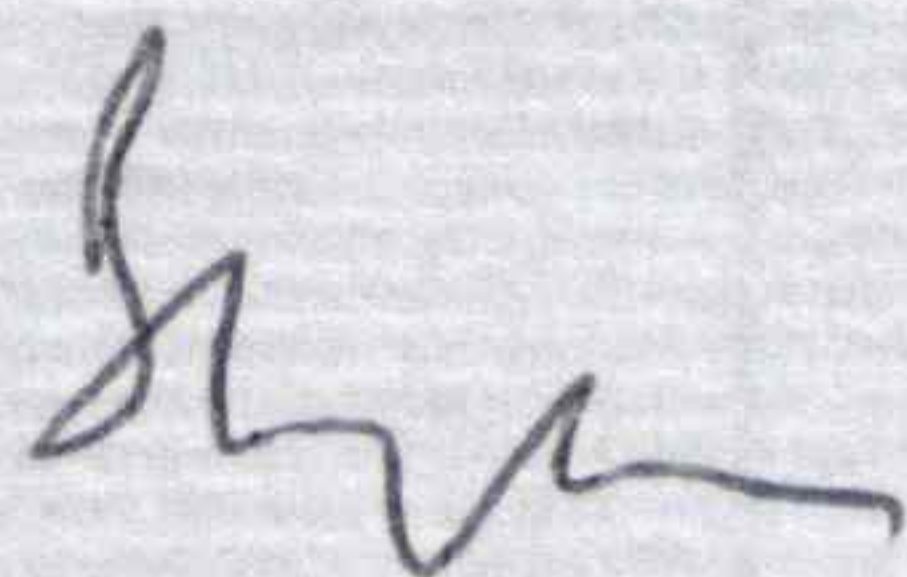
Reithian Standards: in response to an observation by the Prime Minister that she did not believe these standards were always maintained, Mr. Trethowan said they did their best. Others protested that they subscribed to those standards wholeheartedly, taking account of the differences in time, era and circumstances to which all standards had to be related. In passing, the Prime Minister signalled at this stage her interest in the fact that the BBC would be requiring a new Charter soon.

Cuts: The BBC showed a certain sensitivity to the Prime Minister's remarks the previous day that "some of them (cuts) have not necessarily been made in the right places". In reply, the Prime Minister reiterated her refusal to get involved in the detail of the BBC's use of its resources but said she thought the

/decision

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decision to disband the BBC Scottish Orchestra showed a certain lack of political sensitivity. The BBC, in explaining its approach to orchestral cuts, said that the Scottish decision was taken in Scotland.



B. INGHAM

7 May, 1980

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