

16 August 1979

CHANCELLOR OF THE EXCHEQUERFCS/79/141Prime Minister

for information.

mt.

Gut  
17/8Interdepartmental Review of the British Council

1. I was on the point of minuting to you when I received your letter of 9 August. I have indeed been considering how best to implement the MISC 11 recommendation "that a full-scale inter-departmental review should be mounted of the activities of the British Council which are funded by the FCO, with a view to securing further net savings by functional changes".
2. It is in any case timely to consult the Council about their general role in the cultural field and their functions as an agent of Government in the execution of educational aid, and I think that, if you and other colleagues concerned agree, we might start by clearing our minds on the role which we should like the Council to accept and the machinery for liaison between the Council and the sponsors who at present provide most of its --- finance. At A and B I attach brief notes on what I think this role and machinery should be.
3. I agree that the interdepartmental committee should include the departments mentioned in your letter, and propose that it should be chaired by the FCO at Under-Secretary of State level. The Departments of Education and Science and Trade and the Welsh and Scottish Offices, who nominate members to the British Council Board, might also be invited to participate if they wished. The terms of reference of the committee might be:-  

"To review the activities of the British Council and to make recommendations".

/A report





A report might be called for by the end of November, with an interim report requested for consideration in September.

4. I accept that it would not be appropriate for the Council to be a party to a report making recommendations about its own future; but, as you say, the Council must naturally be very closely associated with the work of the committee. Unless the Council is actually present at meetings of the committee, perhaps as an observer, the committee would be unlikely to be able to accomplish its task within the timescale foreseen. There must in any case be some give and take in any consultations with an independent body like the Council, set up by Royal Charter, and we shall need the endorsement of their Board to an outcome which we should regard as acceptable. I have therefore told Sir Charles Troughton that I would be glad to see him a little later on to explain to him how we propose to proceed.

5. The Committee will need to take a long-term perspective. While it is working the normal arrangements for fixing the FCO/ODA contribution to the British Council for 1980/81 will need to be pushed ahead. The cuts already agreed in the FCO component imply very considerable effects on British Council staffing which will need to be put into action quickly to take effect in 1980/81, and the pressures on the aid programme (as well as the influence on the aid component of the core budget of cuts on the information side) will have further effects. I am therefore asking my officials to start their consultations with the British Council on this as soon as possible and to keep the interdepartmental committee informed of the progress they make.

6. I am sending copies of this minute to the Prime Minister and the Lord President.

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## ROLE OF THE BRITISH COUNCIL

- (a) The Council should continue the task of promoting a wider knowledge of the United Kingdom and the English language abroad and developing closer cultural relations with other countries. The Council will fulfil this task in the light of such policy as to the scale and distribution of activities as may from time to time be determined by Ministers after consultation with the Council.
- (b) The Council will administer those aspects of the aid policies of the Minister for Overseas Development in regard to education and training (including the promotion of the knowledge of the English language) which the Minister may entrust to it.
- (c) The Council may also provide Services on payment within the framework of policies approved by Ministers, while giving priority in the use of their own manpower resources, and in the use of other scarce resources to which they have access in the United Kingdom to discharging the functions at (a) and (b) above.

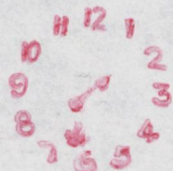


MACHINERY FOR LIAISON BETWEEN THE BRITISH COUNCIL AND ITS SPONSORS, FCO AND ODA

1. There will need to be regular consultations between the British Council, FCO and ODA about the practical arrangements for fulfilling the Council's role and the provision of Government finance.
2. An important part of the procedure should be a planning meeting at senior level between the British Council, FCO and ODA, probably in May or June each year, ie in good time to allow the plans to be taken appropriately into account in the preparation of the British Council budget. The aim of this meeting would be to give guidance on the scale and the distribution of British Council activities in the light of the policy priorities of its sponsors. The FCO representative would be in the Chair.
3. It will also be necessary to ensure that the Council's expenditure is clearly attributable to the appropriate Vote. Thus the discharge of (a) of the British Council's role will be a matter for FCO financial support (and subject to discussion with the FCO) save that ODA would also be involved on account of any contribution from the Aid Programme to the British Council budget for the purposes of (a).
4. The discharge of (b) will depend wholly on financial support from ODA Votes, and will therefore require discussion with and agreement from ODA.



16 AUG 1979





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Foreign Policy



Civil Service Department  
Whitehall London SW1A 2AZ  
01-273 4400

10 September 1979

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State  
Foreign and Commonwealth Office  
King Charles Street  
LONDON SW1A 2AH

*Hand 11/9*

*Dear Peter,*

INTERDEPARTMENTAL REVIEW OF THE BRITISH COUNCIL

Thank you for sending me a copy of your minute of 16 August to Geoffrey Howe. I have also seen his letter to you of 9 August.

CSD will certainly have an interest in it, and I should be glad if you would arrange for CSD to continue to receive the papers. The nature of our representation on the interdepartmental committee can wait until we have a better idea of which area of CSD's responsibility is primarily concerned.

I am copying this letter to the Prime Minister and to the Chancellor of the Exchequer.

*Yours ever*

*Christy*

SOAMES



17/1 SEP 1979

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*Gen Pol*  
*VMS*

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

9 August 1979

*Dr Pol*

POLICY REVIEW OF THE BRITISH COUNCIL

*See*  
*Gen Pol:*  
*Pub. Exp. Pt 2*  
*Misc 11 3<sup>rd</sup> MIG*  
*of 16/7/79*

I understand you are now considering how best to implement the MISC 11 recommendation 'that a full-scale inter-departmental review should be mounted of the activities of the British Council which are funded by the FCO, with a view to securing further net savings by functional changes'.

As you know, we plan to publish our public expenditure plans for the later years of the Survey period (1981-82 to 1983-84) towards the end of this year. I hope you will agree, therefore, that the review must be started soon and completed urgently, so that we may agree upon the future expenditure allocation for the Council in time for that publication.

As to the composition of the interdepartmental committee, I assume it would be limited to officials of the four departments most closely concerned with the subject - FCO, ODA, CSD and Treasury. The Council itself must naturally be associated with the work of the committee, but no doubt you have it in mind that it would not be appropriate for them to be a party to the committee's recommendations to Ministers.

I am sending copies of this letter to the Prime Minister and the Lord President.

*[Signature]*  
(GEOFFREY HOWE)

The Rt. Hon. The Lord Carrington, KCMG, MC



10 AUG 1979

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Lord Carrington KCMG MC  
Secretary of State  
Foreign & Commonwealth Office  
Downing Street  
London SW1A 2AL

22 August 1979

*Dear Peter,*

INTERDEPARTMENTAL REVIEW OF THE BRITISH COUNCIL

I have seen your minute of 16 August to Geoffrey Howe.

There are two points on which I think it is important we should be clear. Firstly, the recommendation of MISC 11 which we are now seeking to implement spoke explicitly about the purpose of the review as being to secure 'further net savings by functional changes'. We regard it as essential that those words should figure in the terms of reference of the committee.

In the second case, of course it is important from all points of view to handle relations between Ministers and the Board of the British Council with tact and understanding. Nonetheless, we could not accept that any decisions that Ministers reached concerning the functions, the scale of operation, and the expenditure they were willing to finance from public funds could only be put into effect if they were to be 'endorsed' by the British Council Board.

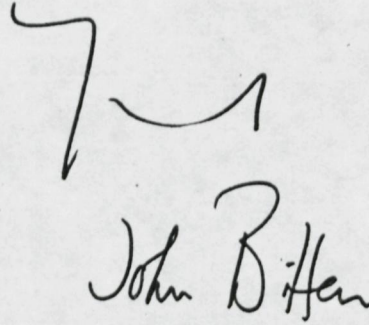
For this reason among others, while it may sometimes be sensible for a representative of the Council to attend meetings of the committee I think equally it will prove necessary for the committee to hold some sessions at which the Council representative is not present. I am anxious that the delineation of responsibilities in these matters should not be blurred.

On a somewhat subsidiary point though not an unimportant one, in your Annex A on the role of the British Council you refer to its continuing its task of, inter alia, developing closer



cultural relations with other countries. These words do not actually appear in the Royal Charter; they have evolved as a means of carrying out the primary purposes of promoting knowledge of our country and our language. I note this point because I would not want the committee to be hamstrung by argument that it could not challenge the role of the Council as defined in this document (Annex A).

I am sending a copy of this letter to the Prime Minister and the Lord President.

A handwritten signature in cursive script, appearing to read "John Biffen". The signature is written in dark ink and is positioned above the printed name.

JOHN BIFFEN



23 AUG 1979





MODBA

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Foreign  
Policy



Foreign and Commonwealth Office

London SW1A 2AH

6 September 1979

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7/9

John

Interdepartmental Review of the British Council

Thank you for your letter of 22 August.

On the question of the terms of reference of the review, it was my intention that the reviewers should be given the widest possible scope to study the British Council's activities while seeking further savings. I have no objection to the need for savings being spelled out so long as the scope of the review remains unrestricted. The following form of words might meet both our points:

"To review the activities of the British Council, with a view particularly to securing further net savings by functional changes, and to make recommendations."

While I accept that the level of Government financing which the Council receives is for the Government alone to determine, the Council is, nevertheless, an independent body governed by its own Board. If we wish to avoid a public and damaging confrontation with the Board, it will be necessary to persuade them that, in the present financial climate, they as recipients of official funds will need to accept more governmental direction than hitherto. It is, therefore, important that the review maintain a dialogue with the Council, although I accept that the Council should not be represented on the reviewing body.

The reference to the Council's task of developing closer cultural relations with other countries, in Annex A of my minute to the Chancellor of the Exchequer, was a paraphrase of part of the first paragraph of the Council's Charter, the relevant clause of which reads:

/..

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The Right Hon John Biffen MP





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"... and developing closer cultural relations between our United Kingdom of Great Britain and Northern Ireland and other countries ..."

The breadth of the review's terms of reference, however, is intended to allow its members to cover any ground they consider desirable. This will need to include cultural exchanges.

I suggested that interested departments other than the Treasury, CSD, FCO and ODA might nominate representatives to the reviewing committee if they wished. The Department of Trade has expressed the wish to be involved. Since it is important that the review be begun as soon as possible, I propose to ask my officials to contact their opposite numbers in the above departments, early next week, so that they can begin work. I hope that this will be acceptable to you.

I am sending copies of this letter to the Prime Minister and the Lord President.

J Pch<sup>z</sup>

(CARRINGTON)

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