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For. Aff.

L.S.
[Signature]

Qa 04385

To: MR LANKESTER

From: SIR KENNETH BERRILL

Interdepartmental Review of the British Council

1. In his minute to the Prime Minister of 7 December the Foreign and Commonwealth Secretary proposes that he should discuss with the Chancellor and others the report of the Interdepartmental Review Committee on the British Council. The Committee was unable to agree on recommendations but listed a number of options for expenditure savings for Ministers to consider.
2. As the Prime Minister may know, the CPRS undertook a major Review of Overseas Representation in 1976/77 at the request of the previous Government. Its findings were published in 1977. These included proposals for large reductions in the activities of the British Council. These proposals were not adopted by the Labour Government at the time but are, in our view, as valid now as they were then.
3. Briefly, we argued that educational and cultural work (largely performed by the British Council) served four main objectives:
 - (a) the provision and administration of educational aids;
 - (b) educational co-operation with overseas countries outside the context of the aid programme;
 - (c) the promotion of exports of goods and services in the educational and cultural field;
 - (d) the bringing of British arts and culture to overseas countries.
4. We acknowledged that all these objectives were of value in their own right. But we felt that not all were of equal priority throughout the world. We argued that (a) should be given priority in developing countries; that (b) and (d) should be given low priority except in the Soviet Bloc; that (c) should be given high priority in rich developing countries where there is now scope for the sale of paid educational services on a large scale. If these priorities were accepted, they would imply a major reduction in the British Council's activities, particularly in the non-Communist developed countries.



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5. We believed also that the British Council had a quite unnecessarily large bureaucracy here in the United Kingdom servicing a tangled web of advisory committees, linking with the other quangos in the overlapping world of educational aid; and 'nannying' that small proportion of overseas students who are brought to the United Kingdom by the British Council.

6. The Report attached to the Foreign and Commonwealth Secretary's minute identifies two options for reducing the British Council's 'core budget' below the figure of £41.4m. decided for 1980/81. Option B (core budget £37½m.) is described in full in Annex 5 to the paper. It still envisages expenditure of nearly £8m. on operations in OECD countries. Under Option C (core budget £33½m.) that expenditure would be reduced by some 50 per cent.

7. The CPRS was not associated with this Review. On the basis of the papers we have seen, however, and of our previous work on the subject, we do not believe that any of the options identified in the Report would be unduly harsh. Indeed, we would recommend that, in agreeing to the discussions proposed by the Foreign and Commonwealth Secretary, the Prime Minister should indicate that, given the need for public expenditure savings, she would hope that substantial reductions could be made in the British Council's activities, particularly in the non-Communist developed countries and that the proposed review of the Council's administration should be conducted rapidly with a view particularly to a major reduction in the number of their staff employed in the United Kingdom.

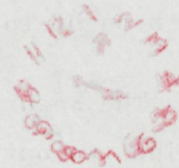
8. I am sending a copy of this minute to Sir Robert Armstrong.

KR

18 December 1979



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