



Prime Minister ²

MUS 23/3

cc NO

TPM

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Francis Pym MC MP
Secretary of State
Foreign and Commonwealth Office
Downing Street
London SW1A 2AL

22 March 1983

Francis,

BBC EXTERNAL SERVICES: PAY

Thank you for your minute of 14 March.

I note that you see no possibility either of separating the External Services' pay from BBC pay generally or of asking the BBC to fund any excess pay costs of the External Services from its general revenues. Although I would not seek to minimize the difficulties in persuading the BBC to adopt either of these courses. I am bound to say I find their position somewhat weak in logic: if it is Corporation policy to regard the BBC as an indivisible entity for staff purposes, it does not seem unreasonable to me for the Corporation to be asked to pay for any cost which that policy entails over and above what the Government is prepared to offer through its grant-in-aid. However, as you say, this is primarily a matter for Willie Whitelaw and I should be interested to see his comments on these possibilities.

Of course I am ready to discuss these questions with you and Willie if you wish. But I still think there is scope for further examination by officials, not least of the suggestion in your earlier letter that we should look at ways of containing the costs of the External Services either through the C&AG or through a management review by independent consultants. In any event, if you wished to make a bid for additional resources for the External Services in the light of any pay settlement the BBC may eventually concede, we would have to consider this in the Public Expenditure Survey alongside all the other claims for additional resources both for FCO and for other Departments. I can see no way in which a meeting would enable us to agree to a "solution" to this problem which effectively exempted the External Services from the normal PES disciplines. This would create an unacceptable precedent for our dealings with other publicly funded bodies which conduct their own pay negotiations, notably the nationalised industries and local authorities.

I am copying this letter to the Prime Minister, the Home Secretary and the Defence Secretary.

LEON BRITTAN

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