

Broadcasting



Prime Minister ² *cg/no*

ms 12/4

QUEEN ANNE'S GATE LONDON SW1H 9AT

10 April 1983

Dear Sir,

Thank you for sending me a copy of your letter of 22 March to Francis Pym about External Services pay in the BBC. I thought that I should comment on the propositions of, first, separating External Services pay from BBC pay generally; or second, asking the BBC to subsidise the External Services from its general revenues.

I have to say that I do not regard either as a starter. I think it inescapable that the Corporation function is an indivisible entity. Their staff move from radio to television and vice versa, and to different areas of work within the BBC. This seems to be the only way of sharing and developing creative ability. In addition, there are the staff of the Central Services which support both the Home and External Services, their costs being apportioned pro rata. I do not believe that the Corporation would be able, even if they were willing, to establish pay scales for External Services posts on a different basis, and at a different level, from analogue posts in the rest of the organisation. Good staff would not move to External Services posts on that basis, and the External Services would quickly come to be seen as a second class part of the organisation. The value which the country derives from having its external broadcasting provided by the BBC, and not as a Government operation, would inevitably be impaired.

Nor can I see the logic of the argument that because the BBC functions as a single entity, it should pay for part of the Government's requirements out of its general revenues. Those revenues come from licence fees levied to fund the Home Services. I think that we would be exposed to severe and justified criticism if part of those fees were devoted to quite different purposes. And in practical terms, any effort to do this would have a cumulative effect. Within 2 or 3 years the diversion of resources would be quite marked.

In sum therefore I do not think that further exploration by officials can make any further contribution in these areas. The questions of C&AG access and efficiency studies are ones for Francis Pym and you. But whatever can be achieved here, we come back, I think, to choosing between exempting the pay element of the External Services from PES, facing the same potential problem each year, or cutting the output of the External Services; and that seems to me, as indeed Francis Pym has said from the outset, a political decision.

I am copying this letter to the recipients of yours.

*Yours truly
L. Brittan*

Broadcasting,
July 79, BBC pay.

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