



Foreign and Commonwealth Office

London SW1A 2AH

2 April 1984

Prime Minister.

To be aware.

A.d.c. 3/4

Dear John,

Proposed Review of the BBC External Services

You asked to be kept informed about the proposed review of the BBC External Services.

As you may recall, the idea of a Review was first developed as a means of finding a better way to deal with what has now become the perennial pay problem of the External Services; as things stand, this regularly threatens to cause problems with Parliamentary and public opinion. It was also recognised that the Review would provide an opportunity for a careful examination of whether the External Services, which have not been reviewed since 1974, continue efficiently to meet national objectives and provide value for money, and whether they are taking appropriate account of technological developments.

When Mr Whitney discussed the proposal with Mr Muggeridge, Managing Director of the External Services, on 21 March, the latter's initial reaction was positive and he promised full co-operation over the public presentation. Indeed, he said 'there is no point in stirring things up when we are trying to agree terms of reference'. He showed particular interest in the reference to seeking a solution on pay. At the same time he thought the BBC would want to make some changes in the terms of reference and would want to discuss them further with us before putting the proposal up to their Board of Governors. We said we too would want to look again at the terms and consult you and other Departments before the matter went any further.

However, Mr Muggeridge has subsequently consulted his Director-General and, in the light of that, has now written formally to say that while the BBC recognise some form of enquiry may be appropriate, our proposed basis for it is too narrow and not sufficiently forward-looking. In the judgement of the Director-General and Mr Muggeridge, the Board of Governors would be most unlikely to agree to it in its present form. We are now considering how this might

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be carried forward and as part of that process intend to ask Mr Muggeridge to come and discuss the matter with us further, as he has himself suggested. Any observations which you or other recipients of this letter might have at this stage would be particularly welcome before such a meeting. It remains to be seen how far the BBC will go towards accepting some amendments to the present terms to reflect the BBC's future role, a matter of concern to us all.

In the meantime, we have prepared a line for our News Department to take pointing up the positive aspects of the Review, just in case there should be a leak and any misconstruction put on the proposal. In view of the BBC's reaction so far, I would hope that this would not happen.

I should add that Sir Robin Ibbes has expressed interest in the Review as part of the Government's drive to improve efficiency.

I am copying this letter, with earlier correspondence, to the Private Secretaries to the Lord President, the Chancellor of the Exchequer, the Home Secretary and Lord Gowrie.

Yours ever,

L V Appleyard

(L V Appleyard)
Private Secretary

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MANAGEMENT IN CONFIDENCE

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bc John Redwood,

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From the Private Secretary

9 March 1984

Proposed Review of BBC External Services

The Prime Minister has seen your letter of 5 March about the above Review.

Mrs. Thatcher has commented that she believes that the Review will raise alarms and be very difficult to present. I note that Ministers are being consulted about the public presentation. I should be grateful if in due course you could let me know the conclusions reached by Ministers so that the Prime Minister can look at this matter again.

A. J. COLES

Brian Fall, Esq.,
Foreign and Commonwealth Office

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