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29 May 1984

T J Clark Esq
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Dear Clark,

REVIEW OF THE BBC EXTERNAL SERVICES

Thank you for sending me a copy of your letter of 24 May to John Beastall and its enclosures. I am sorry that a previous engagement prevented me joining you on 22 May. But perhaps I might make a few comments and suggestions on the proposed terms of reference and exchange of correspondence.

First, I presume that the inclusion of the Efficiency Unit (not, incidentally, in the MPO) in the steering group means that you intend the team to adopt the scrutiny method. I am not whether the BBC are aware of its principles and how they are usually applied. But I would hope that copies of our "Notes of Guidance" will be widely available to them. For convenience, I am enclosing copies of the new edition, I think that they should apply more or less as they stand to the review, with the obvious addition of the role for the steering group.

I should also be keen that someone from the Efficiency Unit (probably Mr Andrew Stott, one of my Principals) should be a member of the investigating team. This follows the practice adopted for the review of the Urban Programme, for example, which has proved quite successful.

Second, I am still troubled by the conspiracy of silence. It is far better to make the terms of reference and, subsequently, the study plan widely available to the staff of the External Services so that they will not be forming their opinions on the basis of hearsay and rumour. Our experience is that staff are often fearful of investigation not because of what is actually being looked at, but because they suspect a hidden agenda. The more that they can be brought into the confidence of management in

respect of the questions to be addressed, the easier it seems to become to gain the confidence of individual staff members so that they will talk freely about their jobs.

I also think that Ministers would be well advised to take the initiative in presenting the review as something which is normal and natural and not something which is a backdoor way of cutting down the External Services.

Finally, I have a couple of drafting points on the draft letter from Mr Whitney to Mr Muggeridge. I am not quite sure what is meant at the top of the second page by, "and submit the final report." I would envisage that the steering group is free to put whatever gloss it considers appropriate on the report, but Mr Perry's report will be submitted exactly in the form in which he finalises it and he will have personal responsibility for it.

In the references to the Financial Management Initiative I understand the BEC's hesitations. (In this context it seems a pity that the Financial Management Unit's paper on NDPBs has not been published.) But surely it is right to ask the team to consider how the principles of the FMI can be applied to the External Services. And that applies to the relationship between the BBC and the FCO as well as to the management of the External Services. I think this needs to be brought out in the covering letter.

I am copying this to John Redwood in the Policy Unit (with particular reference to the need for openness) and to John Beastall in the Treasury.

Yours sincerely
Ian B Beesley

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