



Foreign and Commonwealth Office

238/6

Prime Minister

London SW1A 2AH

21 June 1984

JR

2 DP

22/6/84

Mr Powell - Many thanks.

My fear was that undue secrecy would lead to scare mongering about death of 1000 cuts. The External Services in a 26/6 This seems to deal with it.

Agree to stick to original concept of review and not be deflected by BBC's alternative?

Mr. Redwood

You will want to see how this is progressing (slowly). CDD 21/6

Dear Charles, JR -

Proposed Review of the BBC External Services

Please see John Coles' letter of 8 June.

We have discussed the proposed review again with the Efficiency Unit and agreed that there is no difficulty about the proposed terms of reference. There is no conspiracy of silence and no misunderstanding about the FMI or the need for radical questioning. As I said in my previous letter, we wish to be as open as possible on publicity over what is a normal initiative designed to produce results, not a backdoor way of cutting the External Services. We wish the team to consider the full range of options, both to get positive action for improvement, to look at pay and to solve the pay bill problem.

The Efficiency Unit's main concern related to the draft covering letter to Mr Muggerridge, namely that the Unit should be in the review team as well as the steering group and should use the techniques which have been proven in scrutinies in Government Departments. We have consulted the BBC informally whether they would see any objection. They saw no difficulty about the addition to the team or about the application of the principles of the scrutiny technique, suitably modified to meet the special circumstances of an independent body like the BBC. We conclude that it would be a good idea for the review to be run on suitably modified scrutiny lines and for the Efficiency Unit to join the examining team.

In the meantime, the BBC have come back to us with further minor amendments to the terms of reference (which we can accept) and with an entirely new proposal for conducting a somewhat different kind of review. I enclose the BBC's revised draft terms of reference with two amendments underlined. The first draws on wording used in the last Civil Service Department Review of the External Services in 1974 and is designed to avoid undue

/emphasis



emphasis on the relationship between the External Services and the FCO, which the BBC fear might compromise their independence in the minds of their overseas listeners. The second is designed to make the review more acceptable to the Board of Governors.

The Director-General of the BBC has, however, asked that consideration should also be given to a possible alternative approach which the BBC are about to initiate in various parts of the Corporation. It derives from a permanent series of Activity Reviews concerned with overall efficiency in terms of financial control and management. We see this as an interesting idea and the Government would no doubt wish to encourage the BBC to carry through such periodic reviews of their efficiency. However, their idea has not yet been put into practice and our concern is to get ahead with a review quickly. The direction of the Activity Review would be firmly in the BBC's hands and it might prove difficult for officials to cover government requirements adequately. It would not examine the future of broadcasting, which is of concern to us (and previously to the BBC themselves). It would seem thus to be limited in scope and designed specifically for the BBC's internal purposes. It would not allow the thorough, wide-ranging examination which we believe is necessary. We would propose therefore that Mr Whitney, in his letter to the BBC (a revised draft of which I enclose), should tell them that the Activity Review did not match up to our requirements, and that we would prefer therefore to proceed with the original wider review.

The BBC's Board of Governors have a meeting scheduled for 5 July. If they are to consider the review then, the BBC will need to have our firm proposals in the course of the next week. We shall liaise closely with the BBC about how the review is to be presented publicly.

I am copying this letter 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

C D Powell Esq
10 Downing Street

REVIEW OF BBC EXTERNAL SERVICES

TERMS OF REFERENCE

The Review Team will be appointed by the Secretary of State for Foreign and Commonwealth Affairs in consultation with the BBC:

To examine the extent to which the BBC External Services meet the objectives laid down in the Licence and Agreement, taking into account the relationship with the BBC's Board of Governors and with the Departments of State.

To consider how efficiency and effectiveness can be improved further;

To consider the effects of new technological developments on the future of external broadcasting;

And to report to the Secretary of State for Foreign and Commonwealth Affairs and the BBC's Board of Governors.

For the purpose of the review, the Team will have access to documents and records in the BBC External Services and in the Foreign and Commonwealth Office, and the right to interview employees of both organisations and to examine the management and financial procedures used by the BBC External Services, including pay, recruitment and staffing, identifying areas where improvements or economies could be made; and will take account of the operations of similar broadcasting services in selected allied countries.

DRAFT: ~~minute~~/letter/~~teleletter~~/~~despatch~~/~~note~~ x

TYPE: Draft/Final 1+

FROM: Mr Whitney

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

A S Kark Esq
 Acting Managing Director
 BBC External Services
 Bush House
 Strand WC2B 4PH

Blind Copies to:

- PS
- PS/PUS
- Mr MacInnes
- Mr Miles
- Mr Clark, Inf Dept
- Mr Marshall, Finance Dept
- Mr Beastall, Treasury
- Mr Beesley, Efficiency Unit
- Mr Moriarty, Home Office

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

REVIEW OF THE BBC EXTERNAL SERVICES

I wrote to you on 21 March putting forward a proposal for a review of the BBC External Services and the terms on which it might be conducted. You responded on 27 March to the effect that, while you felt that some form of enquiry was appropriate, you questioned the acceptability of the proposed terms of reference to your Board of Governors.

Since then, officials have been in touch with your staff to try and work out terms of reference which would be likely to meet acceptance on all sides. You have also put to us your interesting idea about a possible alternative approach based on your series of Activity Reviews.

Enclosures—flag(s).....

We have given thorough consideration to the BBC's most welcome initiative of introducing Activity Reviews and the possibility of extending it to the External Services. We hope that you will find such Reviews useful

/for

for your effectiveness. We have concluded however that they do not appear to match up to our mutual desire for a wide-ranging and forward-looking review, which would among other things look at the future of broadcasting. We would prefer therefore to revert to our original proposal.

For the sake of completeness, I repeat here the form the review might take. We propose that it should be carried out by a four-man team, which would be chaired by a senior official from the Treasury and which would also include representatives of the BBC, FCO and the Efficiency Unit, on the general lines of the latter's scrutiny technique. Outside advisers might also be employed if the team thought it necessary to have expert advice on any aspect of their enquiries. The team would work under the guidance of a steering committee, the functions of which would be to facilitate the establishment of the review, to monitor its progress, and to receive and transmit the final report. We envisage that the steering committee would meet under the chairmanship of a nominated representative from the BBC and would also include representatives of the FCO, the Treasury and the Efficiency Unit.

As to the terms of reference, I enclose wording which has been amended substantially to meet your principal concerns. Some glosses are necessary.

First, in considering the effects of new technological developments the team will have to take account of the continuing limitations of financial resources which will be bound to influence the possibility of providing new resources.

/Secondly,

Secondly, I wish to make it clear that the review will be limited to the External Services and that any enquiries that may need to be made within the Corporation as a whole would be purely for the purpose of eliciting information about the External Services.

Thirdly, in examining the financial procedures used by the External Services the team will consider to what extent the External Services follow principles of financial management, as defined in the Government's Financial Management Initiative.

Fourthly, there is no question of any interference in the BBC's editorial freedom. But we would expect the team to look at the present pattern of hours and languages prescribed.

We are anxious to make a start on the review as soon as possible and to conclude it in a reasonably short period, taking due account of possible interruptions during the summer holidays and any travel abroad to visit analogues that may be necessary.

We have given further thought to the question of making the review public. I would hope that any announcement to your staff would be made the first task of the review team to coordinate with you.

If, as I hope, the BBC find this an acceptable basis for proceeding, I should be grateful if you would let me have your formal acceptance. In this event, I assume that we can count on your full cooperation over the administrative needs of the review team.

BROADCASTING : ABC Finance

July 79

Dear Sir,
I have pleasure in enclosing to you a copy of the report of the
Committee on the ABC Finance, which was published on 1st July 1979.

The report is available to you in the form of a copy of the report
and a copy of the summary of the report.

I am sure that you will find the report of interest and I am sure
that you will find the summary of the report of interest.

I am sure that you will find the report of interest and I am sure
that you will find the summary of the report of interest.

I am sure that you will find the report of interest and I am sure
that you will find the summary of the report of interest.

I am sure that you will find the report of interest and I am sure
that you will find the summary of the report of interest.

I am sure that you will find the report of interest and I am sure
that you will find the summary of the report of interest.

I am sure that you will find the report of interest and I am sure
that you will find the summary of the report of interest.