

CCP



Foreign and Commonwealth Office

London SW1A 2AH

20 July, 1984

Re.
CM

Mr. Ingham v.
 (a bit all in
 the by. I'm afraid)
 (C) P 20/7

Dear Charles,

Review of BBC External Services

In your letter to me of 28 June you conveyed the Prime Minister's agreement that Mr Whitney should write to the acting Managing Director of the BBC External Services in the terms of the draft sent to you under cover of my letter of 21 June.

The BBC Board of Governors have now accepted, with two minor amendments, the draft terms of reference for the proposed review. They have asked for a preamble to make it plain that the review is to be made at the invitation of the BBC. This follows the precedent set by the 1974 review, and is acceptable to us. The preamble which we have agreed with the BBC is as follows:

"The BBC's Board of Governors have decided to invite a review of the BBC External Services. This decision arose out of discussions between the Foreign and Commonwealth Office and the BBC External Services".

/ I enclose a revised version of the terms of reference.

/ The way is now clear for us to announce the review. We have agreed the text of a press release with the BBC. I enclose a copy. The BBC propose to make the text available to journalists at 9 am on 20 July. This timing accords with their normal practice, and is therefore consistent with their wish and ours not to draw more attention to the review than is necessary. Our News Department will make the release available at the same time, and will draw journalists' attention to it in low key at the 12.30 news conference.

/ I also enclose a copy of the press briefing which our News Department intends to use in response to questions. This, too, has been agreed with the BBC.

External Services Management propose to inform their senior staff in confidence about the review at a six-monthly liaison meeting due to be held this afternoon. It is therefore possible that news of the review will leak in advance of today's announcement, and that we or the BBC will receive questions. In this event our News Department will draw on the press release and press briefing as appropriate.



Throughout our discussions with the BBC we have stressed the positive aspects of the review and I believe that we can now count on their cooperating in the review as full and equal participants. They appear to share our concern that the review should be honestly and constructively presented in public.

I am sending copies of this letter to Janet Lewis Jones (Lord President's office), David Peretz (HM Treasury), Hugh Taylor (Home Office) Mary Brown (Lord Gowrie's Office).

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

22 - 1984

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For information
from me



REVIEW OF BBC EXTERNAL SERVICES

TERMS OF REFERENCE

The BBC's Board of Governors have decided to invite a review of the BBC External Services. This decision arose out of discussions between the Foreign and Commonwealth Office and the BBC External Services management.

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

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

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.

NOTE FOR PRESS OFFICERS

REVIEW OF BBC EXTERNAL SERVICES

1. Why have a review?

There has been no thoroughgoing review of the External Services since that conducted by the Civil Service Department in 1974, which concluded that the External Services was a "smoothly running organisation ... served by able and industrious staff" and found no evidence of mismanagement of resources. The Central Policy Review Staff looked at the External Services in the course of their review of overseas representation in 1977, but their review was incomplete and the recommendations they made were not accepted. Broadcasting is a fast changing area, and we think that it is time for a fresh look.

2. Does this mean that the FCO has no faith in the BBC's management procedures?

Certainly not. We have no evidence to suggest that the External Services are anything other than well managed and efficient. But the FCO is responsible for the administration of the very large amount of public money (£79m in 1984/85) which is put towards external broadcasting, and we and the BBC have an interest in seeing that this money is spent to the best possible effect. It is the Government's policy that all areas of public expenditure should be subjected to regular review.

3. Will the review lead to cuts?

We have no preconceived ideas about this, but the review has not been established as a cost-cutting exercise. We are seeking to ensure that the money we spend is used to the best possible effect. The review team may recommend some changes in the pattern of expenditure on external broadcasting. If they do, it will be for the FCO and the BBC to decide where and how these should be made.

4. Why has this type of review been chosen?

The FCO has a responsibility to Parliament, as laid down in the Government's Financial Management Initiative, to subject major areas of expenditure to scrutiny. The type of scrutiny selected for the External Services has been decided in conjunction with the Efficiency Unit, which is charged with supervision of the FMI.

5. What are the "changing circumstances" in paragraph 2 of the press release?

The review team will look at the overall pattern of external broadcasting and consider its appropriateness to the late 20th Century, taking into account not only technological change but also the evolution of British national interests. The Licence and Agreement requires the BBC External Services to plan and prepare its programmes in the national interest, and authorises the Secretary of State, after consultation with the BBC, to determine languages and hours of broadcasting.

6. Why is the BBC directly involved in the review team?

The report will be both to the Secretary of State and to the BBC Board of Governors. The BBC have been fully involved from the beginning in the preparations for the review and, taking into account the complexities of the ground to be covered, their participation will be important for a successful outcome.

7. What other similar broadcasting services in allied countries will be consulted?

It will be for the review team to decide what outside comparisons need to be made and whether any overseas visits will be necessary.

8. Will the results be published?

This will be for the Secretary of State and the BBC's Board of Governors to decide.

9. Will the recommendations be binding?

No.

REVIEW OF BBC EXTERNAL SERVICES

The Board of Governors of the BBC has decided to invite a review of BBC External Services, following discussions between the Foreign and Commonwealth Office and BBC External Services. The terms of reference have been approved by the Board. Under the guidance of a steering committee, whose chairman will be Christopher Bell, Acting Deputy Managing Director, External Broadcasting, and whose other members will be drawn from the FCO, the Treasury and the Efficiency Unit, a five man examining team has been appointed under the leadership of Alan Perry, Assistant Secretary, HM Treasury. Other members of the team will be: James Norris, Head of the BBC's Eastern Service, Gavin Hewitt, FCO, Andrew Stott, Efficiency Unit and a representative of the Corporation's auditors - Deloitte, Haskins and Sells.

The review team's brief is to examine the efficiency and effectiveness of the BBC External Services. While taking realistic account of restraints on resources, it will also look at the opportunities for external broadcasting offered by developments in broadcasting technology, and at the way in which the BBC External Services might respond to changing circumstances. The steering committee will monitor the progress of the review team and will be responsible for submitting the team's final report to the BBC's Board of Governors and the Secretary of State for Foreign and Commonwealth Affairs.

Work will begin immediately and is expected to last some three months. At the BBC's invitation the review team will be based at Bush House, the London headquarters of the External Services.

Broadcasting July 29

BBC finances