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10 DOWNING STREET

From the Private Secretary

SIR ROBIN IBBS

Scrutiny of BBC External Services

The Prime Minister was most grateful for your minute about the recent scrutiny of the BBC external services. The Prime Minister proposes to make use of the points in your note when she sees what recommendations are produced by departments concerned on the scrutiny.

I am sending a copy of this minute to Richard Hatfield (Cabinet Office).

CDP

C D Powell

3 December 1984

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SCRUTINY OF BBC EXTERNAL SERVICES

I understand that the Foreign Office have sent you a note about the scrutiny. It is a good piece of work which reveals that the BBC (and the Foreign Office) could, and should, make substantial improvements in value for money. They are too prone to ask for more money when they ought to be asking how they can produce more with the money they have got.

Mr Powell of
Prime Minister
A very helpful

minute.
The scrutiny
report will
be the
subject of
recommendations
to (Minister).
Agree to use
Robin Ibbot
points as
ammunition
at next
stage?
CDP
'/12

I have commented separately to Geoffrey Howe but I should like to draw your attention to some important points:

- 1 The case studies show that many uneconomical practices persist and I was certainly surprised to see that the number of permanent posts has risen 4.5 % in the past four years.
- 2 BBC financial procedures concentrate on settling cases for additional expenditure which are then consolidated into a baseline. They do not challenge the baseline effectively.
- 3 The objectives the FCO have set for external services do not indicate clearly how success or failure is to be measured. The FCO need to get this put right if the tools the scrutiny provides are to be used to good effect.
- 4 The procedural improvements recommended will not work unless attitudes change. The Government must give a clear signal to the BBC Governors that continued funding will depend on continuing real improvements in performance against costs. Agreement to multi-year funding should be dependent on this and target savings, year by year, should be deducted in arriving at a figure.
- 5 Considerable emphasis has been put on the need for BBC pay increases to be more than the cash limits have allowed for. This is said to be necessary to retain staff on the domestic side of the BBC in competition with the commercial companies. If the pay link between the two sides has to be kept - a decision for the Governors - this should be used as a force for increased productivity not for asking for more funding.
- 6 I believe that the increasingly emotive discussions which this report will cause will be more constructive if the report is published quickly and in full. I also think publication will improve the chances of securing better value for money in the BBC.

Yes
no

I am copying this to Sir Robert Armstrong only.

ROBIN IBBS
29 November 1984

BROADCASTING : Union of the Bees : July 79



[The body of the document contains several paragraphs of text that are extremely faint and illegible due to fading or bleed-through from the reverse side of the paper. The text appears to be organized into sections, possibly separated by horizontal lines, but the specific content cannot be discerned.]