

"Master tued  
in PM Meeting  
Record file

MR BUTLER

IAN MCINTYRE'S VISIT

I attach a personal and confidential record of the Prime Minister's meeting this morning with Ian McIntyre, Controller BBC Radio 3, with his paper attached.

You will wish to consider whether we should forward this correspondence to the Home Secretary under personal cover, or whether I should brief his Private Secretary.

*See*

BERNARD INGHAM  
14 December 1984

NOTE FOR THE RECORD

The Prime Minister today saw Ian McIntyre, Controller BBC Radio 3, from 10.30 to 10.55am. The meeting was arranged some time ago and the attached paper formed the background to the discussion.

Mr McIntyre, referring to the BBC's application for an increased licence fee, said the issue confronting the country was much larger: namely, the function, size and editorial intention of the BBC.

After the war the BBC had expanded considerably but it had never adjusted to the ending of its broadcasting monopoly. It retained the belief that it should be the "natural instrument of broadcasting" and in charge of broadcasting. It had become a powerful state within a state. Until the BBC was smaller and better managed, nothing would change.

The problem was simply stated but by no means simple to resolve. The BBC had a great deal of talent, and some gifted bureaucrats, but they were mostly good at making programmes. There were few good managers and increasingly the Corporation found itself on the defensive.

It was permeated with the view, stemming from its desire to be in charge of broadcasting and its belief that only the BBC really knew how to do it, that if a new frontier opened it must be there. It had, however, been argued at the time of Suez that the Egyptians could not run the Suez Canal yet the ships went through. And a lot of people outside the BBC had demonstrated they were rather good at making programmes.

This approach, which was particularly strong in television, led the BBC to try to compete on other people's terms and vice versa. The commercial companies spent a lot of time claiming they were a public service while the BBC pretended it could be commercial as and when it chose to be. In the process, attention had been diverted - damagingly - away from the prime broadcasting purpose of making programmes.

This was not what Parliament had intended when the BBC's monopoly had been broken. The intention had been that one should complement the other.

So far as External Services were concerned, they were widely regarded as brilliant but this was not necessarily so. They still probably occupied first place in the "league of reputation", but in terms of effectiveness and penetration they were behind the United States, Russia, China and Egypt.

Mr McIntyre said that Britain was heard to be speaking with two voices in Poland because the Polish language service was populated by Solidarity exiles.

The overlap between BBC2, BBC 4 and the External Services was considerable. Moreover, the BBC was spending £20m a year on local radio, and was planning to spend more to "complete the chain". This raised serious questions of management.

The Prime Minister expressed some dissatisfaction with the portrayal of Britain abroad by BBC External Services before turning to the licence fee. This, she said, was a compulsory levy on people, regardless of whether they watched BBC. Theoretically, at least, the public ought to have some influence on its activities and the licence fee application offered an opportunity to bring about changes.

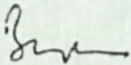
The Prime Minister added that the Government had had problems in India because of broadcasts of statements by Sikh leaders in this country. But she had received only a bland reply from the Chairman.

Mr McIntyre said that there was enormous charm and glamour about the BBC and this drew people in and corrupted them. The structure of power was also such that the Board of Governors was not up to the task of controlling a large organisation of 30,000 people.

So far as the licence fee was concerned, Mr McIntyre said that the BBC always hoped it would achieve a longer rather than shorter settlement. He canvassed the idea of a two year settlement linked with an inquiry specifically into the objectives, organisation, management and scope of the BBC.

There was a desultory discussion of who might conduct the inquiry, but neither the Prime Minister nor Mr McIntyre canvassed names.

The Prime Minister, in thanking Mr McIntyre for his views, said she would consider what he had said and pursue the matter.



14 December 1984

E.R.

PRIME MINISTER

*The Butler  
You may need to put  
this on file of 4  
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IAN MCINTYRE

You are to see Ian McIntyre, Controller, Radio 3, at 10.30am tomorrow for 45 minutes. I will accompany him. \_\_\_\_\_

The origin of this meeting was a suggestion from a party source that it would be useful for you to see him since he is one of the few supporters in the BBC hierarchy.

I have been in touch with him and clearly he considers the talk most opportune in view of our disclosure of your attitude to advertising on BBC. You might care to question him on this method of financing, or of supplementing, the licence.

The attached document is necessary background.

*mt*

*[Handwritten signature]*

BERNARD INGHAM  
13 December 1984

"The Best National Instrument of Broadcasting  
We've Got?"

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ARGUMENT

To an increasing number of people the BBC, Britain's 'national instrument of broadcasting', has lost its way. It is no longer what it used to be, or what it should be. John Reith would not be amused.

It remains true, as the Corporation frequently and immodestly asserts, that it is the best broadcasting organisation in the world. To say that, however, is not to say a great deal. No amount of boasting can obscure the fact that the BBC no longer measures up to the high standards which it was itself instrumental in establishing. The evidence is there not only in public dissatisfaction with much of the output but in frequently voiced concern among the staff about poor leadership and the loss of a sense of direction.

It is, of course, not easy to run a very large organisation efficiently, and some of the trouble undoubtedly stems from the fact that the Corporation is now so very big. There is a strong case to be made for reducing the size of its staff - that has never been attempted except as a short-term expedient in times of financial stringency, and the numbers have always crept up again very quickly. There is an even stronger case for saying that not simply the size of the staff but the whole scale and range of the BBC's operation should be reduced.

For some years now the Corporation has been chronically over-extended. Attempting too much with too little has become almost a way of life. The BBC has never fully adjusted to the ending of the monopoly. It is still in its heart resentful of competition, feels it ought to have a finger in every pie (breakfast television, satellite broadcasting) and cannot bear to see others trespassing on what it sees as its preserve. In the pioneering days of the monopoly the instinct

to push out the frontiers was an entirely healthy and proper one. Today, the impression is of an over-extended perimeter and not enough legionnaires to patrol it.

This reflects in the main on the quality of senior management. Management is something of which the BBC has traditionally been rather disdainful. It is full of talented programme makers, and has some quite effective administrators. The importance of management, however, and in particular the management of financial resources, has never been fully grasped, and this lies at the root of much of the extravagance and arrogance which have become such marked characteristics of the Corporation. Highmindedness and financial irresponsibility are unlikely bedfellows, but they are frequently to be found tucked up together in Portland Place.

Another factor apparent in recent years, and not at all in the best interests of the organisation, has been the increasing pervasiveness of the journalistic ethos. News and current affairs are an important part of the output, certainly, but the imposition of their values on the Corporation as a whole has had a baleful effect. There are important areas of the BBC's activity where the journalistic virtues have absolutely no useful application. Newsmen live for the story of the day and are temperamentally ill-equipped to take a long view. Snap decisions and the tyranny of deadlines are not conducive to calm reflection and considered judgement.

The dominance of journalism has also had damaging effects on the Corporation's dealings with the political parties and with government. There is a kind of journalistic 'machismo' which does not have much of a contribution to make either to rational argument or to diplomatic exchange.



It is also the case that some senior BBC officials have made a nonsense of the requirement about impartiality on the part of the BBC, and take the view that it is the function of the Corporation to act as some sort of political third force between what they regard as extremes of left and right (Mr. Benn in the red corner, Mrs. Thatcher in the blue). This goes far beyond the infatuation of young and impressionable producers with the policies of the SDP and is plainly unconstitutional.

A further reason for the BBC's loss of effectiveness is that it no longer gives undivided attention to its central activity, which is to make and broadcast programmes of high quality. It now spends so much time selling computers, publishing books and trying to come to grips with the new worlds of cable and satellite that its energies are dissipated. Nor is it particularly good at all these fringe activities. It has embarked on some of them for purely defensive or pre-emptive reasons, and it performs poorly in others because it lacks commercial acumen. There are quite a few areas of Corporation activity which cry out to be hived off or privatised.

The Corporation has a highly developed capacity for shrugging off criticism, usually by arguing that it is ill-informed. It is a common complaint of the Board of Governors that they are either ignored or manipulated by senior management, and they acknowledge that although constitutionally they are the BBC, their influence is slight. A part-time Chairman, coming from outside, is a poor match for a sophisticated and articulate bureaucracy, and even those Chairmen who have set out with strongly interventionist intentions seem very quickly to succumb to the charm of the place, to assimilate its assumptions and attitudes and become little more than a mouthpiece for their propagation.



ACTION

Anyone who tangles with the BBC quickly understands the feelings of a very young puppy confronting an old and extremely sly hedgehog.

Unless a government is prepared for a large scale constitutional confrontation, there are few occasions for radically effective intervention. The Charter was renewed for a 15 year period only a few years ago. The present Chairman is only in mid-term.

Immediately, therefore, that leaves only the impending licence fee award. The BBC should certainly be given less than it is asking for and less than it expects (it doesn't expect more than £57), but financial restraint alone would be a blunt instrument.

The award should be for two years, not three, and should depend on the Governors' formal acceptance of a number of conditions:-

- a general commitment to doing less and doing it better;
- a specific effort to regain the Corporation's former authority by improving the quality of the programmes, particularly of news and current affairs programmes;
- a reduction in the size of the staff;
- greater responsiveness to public taste and opinion;
- a greater concentration on the primary purposes of the organisation.

Informally, they should be invited to give their minds to the following;-

1. The failure of management to insist on the operation of new technology and its toleration of many restrictive practices:
2. Extensive over-manning, even at the most senior levels of management;
3. The lack of clear editorial objectives for the television channels and radio networks, resulting in overlap, internal competition and restriction of choice for the viewer and listener;
4. Widespread and costly duplication between domestic radio and the World Service. A degree of integration and some adjustments to the grant-in-aid system could achieve better value for money in the important area of overseas broadcasting and spare the Foreign Office some of the odium that attaches to cuts;
5. The question of whether the Corporation, with its two boards and its proliferation of directorates and departments is best structured for the task in hand;
6. The costly muddle over local radio. The BBC stations in London, Manchester and Birmingham broadcast to ludicrously small audiences. Elsewhere the Corporation continues to open new stations at enormous capital cost, but shortage of revenue obliges them to relay network programmes for substantial periods, thus further narrowing choice. (The Annan solution - of taking local radio away from both the BBC and the IBA - is still available);

7. The notorious inefficiency of some of the Corporation's publishing and marketing activities.

8. The obsessional concern with the 'ratings' (really only with audience size); this is either denied, or excused on the ground that smaller audiences would offer the government a pretext for reducing the licence fee. This was plainly not how Parliament wanted the BBC to respond when it broke the monopoly. Its clearly expressed wish for greater choice is being frustrated because both sides tend to compete by emulation rather than by being themselves.

The foregoing would deliver a salutary shock to the system. Left to itself, however, the BBC will never put its house in order. Although it is only a decade since the Annan Committee was appointed, they have been 10 years of rapid change, and there is a good case for setting up a new committee of enquiry at the time the licence fee settlement is announced. It should be more streamlined than Annan. It could look either at the whole waterfront or at the BBC alone. It should in either case be required to present its report within 18 months. The timetable is tight, but that would just allow time for public debate and the introduction of any necessary legislation before the next election.

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