



Foreign and Commonwealth Office

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L.S.
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Dear Michael

PUBLIC EXPENDITURE CUTS : BBC EXTERNAL SERVICES

I attach in annex a breakdown of figures for the cuts proposed in the BBC's External Services, as requested by the Prime Minister this afternoon. As you will see, the package of cuts already announced includes a reduction in the capital expenditure programme for which PESC provision was made by the previous administration to meet the need to improve audibility in the BBC's External Services. The fact that we have not loaded all the cuts on to the capital expenditure programme has been because of the importance we attach to the need to maintain and improve audibility for the BBC's overseas services, including the World Service. The BBC themselves have frequently emphasised the need to renew obsolete equipment and to maintain competitiveness with other broadcasters who are increasing the power and number of their transmitters.

I understand that the Prime Minister also asked the Lord Privy Seal for chapter and verse of an opposition statement on the cuts they had considered making in the BBC External Services. I attach a copy of Hansard for 26 July recording an intervention by Baroness Llewellyn Davies in a debate on the BBC External Services expenditure review.

Yours truly
M J Richardson

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Private Secretary to the
Lord Privy Seal

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TABLE 1

BBC EXTERNAL SERVICES : CAPITAL EXPENDITURE PROGRAMME BEFORE CUTS

A sum of £23.4 million (1979 Survey Prices) has been included in the current Public Expenditure Survey Programme for capital expenditure by BBC External Services. Most of the sum is earmarked for new or improved transmitters to enhance the audibility of External Services. There is also an element for continuing modernisation of Bush House. Financial details are as follows:

	1979 Survey Prices					
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85 £ million Total
BBC External Services Total PESC Provision	41.0 40.3	47.9	47.0	46.9	46.8	
Capital	1.8	7.8	6.2	4.3	3.3	23.5 (rounded)
Recurrent Costs	0.1	0.3	0.9	2.1	2.7	

In the year 1984-85, capital expenditure of £1.8 million is required to complete the audibility programme at a total cost of £25.3 million; when the programme is complete, recurrent costs will be £2.8 million (all at 1979 Survey Prices).

TABLE 2

(a) EFFECTS OF CUTS PROPOSED

Cuts as proposed by the Foreign and Commonwealth Office would have the following effect on this programme:

	1979 Survey Prices					
	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85 £ million Total
Total PESC Provision		46.2				
Capital	1.8	7.1	5.5	3.6	2.6	20.7 (rounded)

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This involves saving £0.7 million in each year on the capital programme, £0.3 million in the transcription services, a proportion proposed by the Foreign and Commonwealth Office, but left flexible at the request of the BBC.

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(b) SAVINGS FROM PROPOSED VERNACULAR SERVICES CUTS

French	£ 652,000
Italian	£ 179,000
Greek	£ 195,000
Turkish	£ 166,000
Spanish to Spain	£ 151,000
Burmese	£ 117,000
Maltese	£ 11,000

Total : £1.47 million

Balance to be found from support costs to make up a total of £1.7 million.

Lord CARRINGTON: My Lords, I am grateful to my noble friend for reminding me of that.

Viscount MASSEREENE and FER-RARD: My Lords, would my noble friend not agree with the old saying that the pen is mightier than the sword? Therefore, although I agree with my noble friend that public expenditure cuts are absolutely essential, would he not agree that the external services of the BBC are perhaps one of the places where there should be no cuts?

Lord CARRINGTON: My Lords, as an ex-Secretary of State for Defence I would hesitate to run down the sword.

Baroness LLEWELYN-DAVIES of HASTOE: My Lords, since the noble Lord referred to the cuts which the previous Administration were said to be going to make, may I ask him whether he is aware that ours were in the nature of something like £1.7 million, whereas the present Administration are proposing £4 million?

Lord BROCKWAY: My Lords, may I ask the Minister whether he will consider very seriously the reports that these cuts may apply to Africa and Asia? Is he aware that many of us receive from different countries in Africa, from India and from Malaysia, letters paying tribute to the objectivity of the BBC's World Service? In view of the enormous importance of these areas in the future, and of British influence there, may I ask him whether he will be very careful not to cut off services to these territories?

Lord CARRINGTON: We must be very careful, clearly, my Lords, where cuts are made.

Lord ORR-EWING: My Lords, does my noble friend understand that we appreciate that he has to make cuts in the public service in order to get within the £8½ million public sector borrowing requirement instead of the £10 million legacy which he has inherited, but would he examine whether this is really the best way to cut expenditure within the Foreign and Commonwealth Office? This manner of propagating the British way of life is a very cheap and very effective way,

and it may be that it ought to take priority over other ways.

Lord CARRINGTON: My Lords, I think the truth of the matter is that there will have to be reductions in public expenditure everywhere.

Lord HOWIE of TROON: My Lords, in reply to Lord Harris of Greenwich I think the noble Lord admitted that these particular cuts would be damaging—

Several noble Lords: Order, order!

Lord HOWIE of TROON: My Lords, having admitted that these cuts will be damaging, would the noble Lord then explain to us why he is making them?

Lord CARRINGTON: I did not say that, my Lords. I said we had to make sure that the cuts were not damaging.

Lord WHADDON: My Lords, is the noble Lord aware that those of us who are involved in trade, particularly with East Europe—as I suppose I must declare an interest here—are constantly made aware in our discussions that the BBC broadcasts create an atmosphere of sympathy and understanding of Britain which is vital in our trade discussions, and that these cuts are liable to be very damaging to our trade prospects?

Lord CARRINGTON: My Lords, I do not think the noble Lord knows what the cuts will be, so he is not in a position to say how damaging they would be or whether they would be damaging at all.

Lord BROOKES: My Lords, will my noble friend give consideration to encouraging the BBC to reduce its budget in less necessary areas, areas of less consequence, and perhaps to retain this vital service, which I am sure he values as much as any other Member of this House?

Lord CARRINGTON: My Lords, the difficulty of that, of course, is that this is a particular part of the BBC. The BBC external services are financed wholly by the Government, and I think it would be very difficult to do what my noble friend suggests.