



10 DOWNING STREET

THE PRIME MINISTER

3 April 1980

Dear Margaret,

Thank you for your recent letter about the cuts in BBC expenditure with particular reference to those proposed in educational broadcasting, and for the copy of the letter from Dr. Harry Judge to The Times which you enclosed. I was glad to hear from you again. I saw several mutual friends at the enthronement of the Archbishop.

You refer in your letter to the fact that, whereas cuts of 5 per cent are proposed for radio generally, educational radio programmes are to suffer a 10 per cent cut; and Harry Judge deplores the removal of the budget for educational broadcasting in Scotland. As you will know, the Home Services of the BBC are financed almost entirely by the revenue from the television licence fees. Although they were less than the BBC had asked for, the increases in the fees announced by the Home Secretary last November were the largest cash increases in the history of the licence fees and took account of the need to repay the deficit on current account incurred during the previous administration. The revenue from these fees will provide over £1,000 million for the BBC in the two year period 1980-81 and 1981-82, which represents a sizeable increase on previous expenditure levels of some £324 million in 1978-79 and £406 million in 1979-80. The Home Secretary made it clear that the fee increases must last for at least two years and that he thought that they were necessary and fair both to the BBC and licence payer.

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It is in this financial context that the present broad proposals of the BBC Governors need to be considered. The proposals put to the Home Secretary by the BBC last year were attractive but expensive and the Governors have decided that cuts of at least £130 million need to be made in their forward expenditure plans over the two years in order to keep within the income available to them. I understand that their proposals for these cuts are the subject of consultation with interested advisory bodies and the unions and still need more detailed work before final decisions are taken on 17 April. In this connection I will see that a copy of your letter is sent to the BBC. But I think I should say that, whatever the outcome, it is entirely a matter for the Governors to decide how to deploy the BBC's resources within the total income available to the Corporation.

Yours ever,

(sgd) Margaret

Mrs. Margaret Wickstead