



File

MJ2CTS,

SUBJECT
CE MASTER

10 DOWNING STREET
LONDON SW1A 2AA

From the Principal Private Secretary

14 September 1988

Dear Philip,

PRIME MINISTER'S MEETING WITH THE CHAIRMAN AND DEPUTY
CHAIRMAN OF THE BBC

The Prime Minister had a 45 minute meeting this afternoon with the Chairman and Deputy Chairman of the BBC. The main points of the discussion are recorded below. I should be grateful if you would not copy this letter, restrict its circulation to named senior officials only and make clear to them that they should not divulge knowledge either of the meeting or what was said at it outside the Department.

Mr Hussey said that Lord Barnett and himself had now co-operated for two years in their attempt to bring radical change to the BBC. They would be the first to agree that there was still much more to do. Mr Hussey then summarised results to date under the following six headings.

1. There had been a complete change of management at the top level. Only two of the original Board of Management remained and only three of the original top management team of twenty four. Seven out of the twenty one newcomers had been recruited from outside the Corporation.
2. John Birt had shown great courage in revolutionising the treatment of news and current affairs despite great obloquy from both inside and outside the Corporation.
3. There was now a much better relationship between the Board of Management and the Governors with joint meetings to hammer out policy.
4. There had been a change in attitudes to programme standards. Broadcasters now felt more responsible to the licence payers for standards.
5. Costs were being brought under control. Lord Barnett interjected that the RPI constraint had provided a useful discipline. He paid particular tribute to the work of the Director General in this area.

6. The BBC was more accessible to the licence payers.

Mr Hussey then said that their future programme could be summarised as follows:

1. The new ideas and attitudes needed to be pushed downwards throughout the Corporation so that the decline in attitudes and standards, discernable since the time of Sir Hugh Carlton Greene, was reversed.
2. A particular broadcasting issue was the need to tackle "faction".
3. The regions needed to be reformed and their costs brought under control so that they had a greater sense of value for money. Later in the discussion Mr Hussey referred to the possibility of giving particular regions responsibility for a particular area of BBC broadcasting. This would help raise the utilisation of the regions' capital equipment which was in large respects under-used. With Lord Barnett's help he had recently reduced the capital allocation of one region from £13m to £9m.
4. Personnel and management policy needed to be reformed.
5. Staff numbers could be further reduced. In this connection the Prime Minister commented that she understood that there were still many restrictive practices in the Corporation. Mr Hussey drew attention to new procedures being introduced by Mr Birt which would put News and Current Affairs Department on the same standards as TV AM.

The Prime Minister commented that she understood that Mr Checkland and Mr Birt had faced a campaign of intimidation. She wondered whether they would face such opposition in the future. Mr Hussey replied that the change of management at the top should ensure that they would not. The Prime Minister then said that she deplored the debunking and destructive approach of many interviewers who seemed to believe that the only way of achieving a good interview was through personal belligerence. The BBC had a duty to uphold the great institutions and liberties of the country from which we all benefited. Newspapers, like the Financial Times, Daily Telegraph and The Times, were more likely than the BBC to support the work of the police and the army in eradicating terrorism. It was quite deplorable that the BBC should interview the IRA, as the letters she received from the families of servicemen killed testified. It was deplorable too that the BBC had caused grave diplomatic problems, for example, in the case of their treatment of Rajiv Gandhi, Dr Mahathir, and Raisa Gorbachev. Certainly the BBC should help to maintain our open society, but they should not at the same time undermine the security and intelligence services. It was quite wrong to reveal the names of people working in

those services. Statements made by the Corporation took on greater significance because they came from the BBC. She agreed that Mr Hussey and Lord Barnett had done wonders in starting to tackle these problems. She believed too that Mr Checkland and Mr Birt were trying to get integrity back into the Corporation in the face of those who were trying to influence opinion through wrong means.

Mr Hussey repeated that there was more still to do. He hoped that it would be noticed that there was now less bad language on the BBC. The Corporation would shortly run a two-day seminar on impartiality. He was sure that both Mr Checkland and Mr Birt were promulgating the principles which the Prime Minister had described.

Lord Barnett observed that the one problem facing the Corporation was their pay rates in many cases were well below private sector rates - in some cases 10-40 per cent below ITV's. ITV too would soon have twice the Corporation's television revenue. He agreed that satellite competition would erode their revenue, but this would take time. Mr Hussey commented that if satellite broadcasting resulted in a fall in programme standards, the Corporation would not reduce its standards in an effort to maintain ratings. The Prime Minister commented that the only reason for having a BBC was to maintain public service standards. Mr Hussey and Lord Barnett indicated total agreement. The Prime Minister said that if satellite broadcasting was the medium for publishing obscene material, the Government would make it an offence to advertise on such channels.

In answer to a question from the Prime Minister about subscription, Mr Hussey referred to BBC2's plans for broadcasting medical information and BBC1's plans for a "nostalgia" channel based on archive material. Lord Barnett emphasised the new entrepreneurial attitudes in the BBC and the work to extract greater revenue.

In answer to a question about Radio 1, Mr Hussey said that it was not realised that Radio 1 carried a lot of public service broadcasting. It was a medium for passing valuable information to young people, for example, through counselling services. The BBC did not emphasise this aspect of Radio 1's work since it would be counter-productive if people believed that it was a "do-gooders" programme. He personally had become persuaded of the value of the local radio stations, mainly because the independent stations now were simply vehicles for pop music.

At the end of the discussion Mr Hussey invited the Prime Minister to a lunch or dinner with the Board of Management. She agreed to attend such an occasion in a recess if a suitable date could be found.

Yours truly
Nigel Wicks

N. L. Wicks

Philip Mawer Esq
Home Office