

Foreign Affairs Committee

Defence Committee

Public Administration and Constitutional Affairs Committee

Oral evidence: [The Future operations of BBC Monitoring](#), HC 732

Tuesday 11 October 2016

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Members present: Crispin Blunt (Chair); Mr John Baron; Mike Gapes; Stephen Gethins; Mr Mark Hendrick; Adam Holloway; Daniel Kawczynski; Andrew Rosindell; Nadhim Zahawi.

Dr Julian Lewis (Chair); Richard Benyon; Bob Stewart.

Mr Bernard Jenkin (Chair); Mrs Cheryl Gillan; Kelvin Hopkins.

Questions 1-165

Witnesses

[I](#): Michelle Stanistreet, General Secretary, National Union of Journalists.

[II](#): Sara Beck, Director, BBC Monitoring, and Francesca Unsworth, Director, BBC World Service Group and Deputy Director of News and Current Affairs.

[III](#): Robert Deane, Head of Knowledge Management Department, Foreign and Commonwealth Office.

Examination of Witness

Michelle Stanistreet.

Q1 **Chair:** Welcome to this afternoon's session of the Foreign Affairs Committee with the Defence Committee and the Public Administration and Constitutional Affairs Committee, to examine the issue of the future of BBC Monitoring. Our first witness is from the National Union of Journalists. I would be grateful if you would identify yourself.

Michelle Stanistreet: My name is Michelle Stanistreet. I am the general secretary of the National Union of Journalists.

Q2 **Chair:** Michelle, thank you for coming to give evidence to us. You have given a note to the Committee, and I wonder if you could outline how BBC Monitoring has tailored its work over the years in response to the shifts in demand from its stakeholders and commercial customers.

Michelle Stanistreet: Clearly, a very big change has taken place post the deal done back in 2010 on the licence fee arrangements for the BBC at that time. The funding for Monitoring and the World Service at that point was transferred entirely to the BBC as part of the agreement reached with the then director-general of the BBC. The NUJ was very critical of that deal, and one of the key reasons was that we were very concerned about the future impact on the existence of Monitoring and the World Service and their ability to carry out the very important, unique and distinctive role that they carried out on behalf of the Government.

The funding transfer to the BBC kicked in in 2013. It is since then that we have begun to see the tangible impact of the change that has taken place. Obviously, the funding is the key thing that has changed, but as a consequence of that, when I talk to members who work in Monitoring—and many of them have worked there for many years—they have real skills and expertise and experience that has built up over that time. They are excellent researchers with linguistic skills that are unrivalled in many instances.

They would say that in the last period, there has also been quite a clear shift in the focus of the work that is carried out since the funding priorities have shifted in that way. Inevitably, that means that Monitoring and the staff who work within it have been asked and expected to contribute more and more to the BBC's own editorial agenda. In practice, that means that on a daily basis it is not necessarily the beneath-the-surface work and information that the team at Monitoring are so skilled at—the identifying, extracting and translating—that is necessarily driving the editorial priorities of the day.

I think you can see that for yourselves, if anybody looks at even the current Twitter and Facebook feeds of Monitoring, for example. I was looking, and you see at the moment that there are a lot of stories about the launch of a Russian social media site for pets, information about



scandal over a Thai pop song, how the Russian police have used a bugged samovar, or all the hoo-hah that has emanated from the Robbie Williams pop video.

There is nothing wrong with those kinds of stories or that kind of content. Obviously, part of the BBC's remit is to entertain as well as to educate and inform, but I would suggest that is not necessarily the kind of content that some of Monitoring's long-standing clients, whether they are corporate clients or Government Departments, would prioritise. Inevitably, when the paymaster has shifted, as it has, entirely to the BBC, the priorities for the team who are providing that content have changed as well.

Q3 Chair: That is very interesting. As far as you are aware, is all the material that Monitoring produces available to all its users?

Michelle Stanistreet: I think it varies. Different packages are drawn up depending on who the client is. As you know, Monitoring has a range of different commercial clients, as well as the Government Departments. That could be charities and third sector NGOs, who have a particular interest in security issues within areas of conflict zones. It could be corporate clients who, again, have security issues, but are perhaps particularly interested in energy stories and information that is coming out. It could be other countries' embassies, international governmental departments, NATO or the EU.

Some information is made available to all, but my understanding is that some of it is bespoke and packaged directly to suit particular clients. For example, the video unit—a very important unit, which is due to close as part of the restructuring that is in train—provides a lot of bespoke content for the MoD. It packages up video material that is sent directly to the MoD, but the monitors also scan other channels that they might not ordinarily do as part of their day to day work, to pluck out information that might be of specific interest to the MoD.

I know that in the future plans it is going to be expected of all the staff that they will look and package up video content alongside all the other work that they are going to do. At the moment, my understanding is that it is quite a unique, bespoke service that the MoD benefits directly from. So there is the capacity, ability and track record among staff at Monitoring to provide quite tailored packages of information to different constituencies.

Q4 Chair: What awareness do you have of other countries that have a similar kind of operation? You work alongside an American organisation, I think, that does something similar. Are you aware of other countries in the same space as this? If so, how are they funded and governed?

Michelle Stanistreet: I am not sure I have any particular expertise about that; perhaps colleagues from the BBC might have more information that they could share with you in that regard. Certainly, there is the arrangement with the Americans on the Open Source Enterprise; with the geographical focus of colleagues in Monitoring who focus on particular parts of the world, there is an agreement that America looks and sources



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information content from the rest of the world, and a trade or information swap effectively takes place. My understanding is that both parties find that incredibly valuable.

One of the concerns the NUJ would have is that in the future, with the scale, scope and breadth of the content that staff at Monitoring are expected to come up with, it is inevitable, when you are looking at cuts of 40% in UK-based staff and a third of the staff overall, that it is not going to be possible for people to deliver the same information and content to the same standards of quality, scope and breadth. Something is going to have to give. In that relationship, which has been long-standing and, I understand, mutually rewarding, what will be in it for the Americans if they are not getting information of the same high standard? Will that trade continue, or does the Government risk losing that insight and expertise in the future? That is obviously something that Government Departments currently enjoy and no doubt value.

Q5 Chair: Do you think the Government remains the key customer for BBC Monitoring? If so, should they take back direct responsibility for the monitoring activities of BBC Monitoring?

Michelle Stanistreet: Yes is the short answer. I think it has been an absolutely vital customer in that regard ever since Monitoring was created. I don't think that has changed. Obviously you will no doubt hear from members of those Departments. They can speak for themselves about how they value the work that Monitoring contributes. It is our understanding, from a lot of the conversations we have, that it is deemed to be incredibly strategically useful. Intelligence communities value it and rely on it greatly, and its expertise as been described to us by some as "irreplaceable". We think it is quite prized, and we believe the BBC should be lobbying the Government very hard for the Government to take back in some way—whatever the mechanism and however that is structured—the financial responsibility for information that they rely on and utilise to a great extent.

In the course of considering that, I know from the BBC submission that the hope is that in the future there will be further revenue from commercial clients. Obviously, they have always formed part of the ecology of the customer base, but they are only a part of it. Even in the past when there has been a stated desire to improve income from those clients—

Chair: Okay. We will go into funding in a moment.

Q6 Mrs Gillan: I am a visiting fireman from the Public Administration and Constitutional Affairs Committee, so I am not actually part of the Foreign Affairs Committee; we are having a joint hearing, as you know.

I was very interested by that, because one of the things we are grappling with on our Committee is how direct democracy clashes with representative democracy. We are increasingly seeing the power of social media and seeing that Twitter can move mountains. It seems to me that, after the BBC has already been through one role-shedding exercise in



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2011, when it took over full responsibility for the budget out of the licence fee, this again seems like a piece of low-hanging fruit that it is trying to take when, in fact, this area is increasing in importance. I just wondered, from your perspective as general secretary of the NUJ, whether your journalists working in this area and the people monitoring in this area also felt that this increasing power that is being shown through social media and direct democracy means that any cut in this area is actually going to make our Government more vulnerable.

Michelle Stanistreet: I absolutely think it will. At a time when there is so much happening globally, and there is a lot of instability and a lot of events taking place in parts of the world that Monitoring has a long-standing expertise of and insight into, its work is actually more vital and more strategically important than ever. We think that where we are today is a direct and, I would say, inevitable consequence of the deal that was struck and the handing over of all fiscal responsibility to the BBC. How could you ever expect the BBC's priorities as a public service broadcaster to marry up with the priorities of the Government when it is garnering its intelligence information?

The speciality that Monitoring has is that these are not spooks; they are journalists who are carrying out skilled, expert work. It is all open-source information that is out there. At a time when the proliferation of information because of social media and the many more outlets is greater than ever, you need that expertise to be able to spot what's important, to separate the wheat from the chaff, to translate it accurately, to put it into a relevant context and to deliver it. That is the real skill and expertise that this team has had for a long time. Inevitably, that will be compromised, and I can't see any argument as to how that will improve the defence or intelligence-gathering capabilities of our country. It can only impact it adversely.

Q7 **Mrs Gillan:** So I would be fair in saying that you are not just representing your members and trying to maintain jobs; you are trying to sustain what should be a growth area, and this is a skill set we should be expanding rather than reducing.

Michelle Stanistreet: Absolutely. It is not just about the jobs; it is about the service this team are deploying and the value of that. In the same way, the cuts that took place in the World Service on the back of the handover of the spending responsibility were clearly short-sighted. We all said so at the time, and some backpedalling has had to take place to slot in additional funding for the World Service. All that could have been avoided if a more thought-through plan had been put in place. There was obviously a desire on the part of Government to hive off a part of spend that it did not want to be responsible for in the context of political manoeuvring with the BBC at that time, but that is not the framework in which such important decisions should be taken.

It is not too late yet. I would be interested to know when the implementation of these planned cuts is due, because that is critical. We think there is still time to salvage the situation and ensure that Monitoring



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is properly resourced. If that is a question of trying to share funding between the range of Government agencies and Departments that clearly benefit from its work, and if it means them taking on the financial responsibility for it once again through some mechanism or new agreement, so be it. That is a very modest investment that is worth paying on the Government's part.

Q8 Mr Jenkin: I am Chairman of the same Committee. I have some rather basic questions. Are all these 320 BBC Monitoring people security-cleared?

Michelle Stanistreet: I don't know the answer to that, but we can find out, or colleagues from the BBC who are speaking next will be able to confirm one way or another.

Q9 Mr Jenkin: Who has TUPE responsibility? Were they always employed by the BBC?

Michelle Stanistreet: Yes. It was always a stakeholder agreement, if you like—a relationship that took place, of which the BBC is part. People who worked at Monitoring have always been on BBC terms and conditions and contracts. It was simply about who paid the bill, and that resided as a responsibility with those Government Departments.

Chair: As far as the bill is concerned, we will turn to Mr Hendrick.

Q10 Mr Hendrick: Much more is spent on capital investment rather than staffing nowadays. Obviously, the BBC links that to the importance of technology, as we are now living in a digital world. What is the NUJ's view on the spending balance between staffing and technology equipment?

Michelle Stanistreet: There is always a balance to be struck. The BBC inevitably spends a lot of money on technology and keeping pace with technological change, and so it should. That is a vital part of any multimedia operation, and the BBC is a world-renowned one, with a fantastic reputation for it. But obviously we don't think technology is going to bridge the gap in terms of the significant cuts that are taking place.

There are always efficiencies and ways of doing things better in order to reshape and reframe budgets under any difficult consultation process. The NUJ works very hard, as part of a joint union approach with the BBC, to come up with common-sense solutions. Computer-selected data, in the context of Monitoring, without human intervention inevitably has its limitations, so that's not going to replace the 40% of the headcount of the UK staff that is being cut—it is never going to bridge that gap. It would inevitably become more of a bulk service that is pumped out to clients, rather than something that is digested with the kind of skill and expertise that I am talking about.

Q11 Mr Hendrick: What about the possible future use of artificial intelligence, for example?

Michelle Stanistreet: I am no Luddite. Technology has its place, and it can facilitate people to do their jobs better and in a more informed way,



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but part of the skills and expertise that people bring to this role within Monitoring is human judgment, insight and the ability to contextualise. These are not people who are coming up with guidance, opinion or anything like that; they are framing information in a very specific way that is tailored to clients at a rapid turnaround speed. It is often information that goes beneath the radar in many of the countries that are monitored in this way. They are very skilled at what they do.

- Q12 Mr Hendrick:** Obviously commercial targets are not being met, and that is part of the funding shortfall. Do you feel that is because BBC Monitoring has been cut back too much over the years and now has less to sell, so to speak?

Michelle Stanistreet: Absolutely. In the future, once these cuts have been implemented, it is our view that it will affect the breadth of the content that can be packaged and delivered, but it is also about scope and quality. I think that is the reality. Unless there is going to be a strategy alongside that that decides to ditch some areas of Monitoring and focus on a smaller geographical breadth or a different type of information, I think that inevitably potentially lessens its value to corporate clients. Either way, for those future corporate clients, and for the ability to increase that revenue, it is unknown and untested at the moment. To do that in the context of a much smaller team who are going to be much more stretched in their remit—not just focused on traditional Monitoring content but having to focus more and more in this different way on the BBC's editorial priorities, which often won't match up with the priorities of corporate or Government clients—is going to be an ever-growing challenge.

- Q13 Mr Hendrick:** In your introduction you mentioned the changes that have taken place in the source of the funding and how the funding is managed. Do you feel that the BBC or the Government would be a better bet for making sure that that funding is steady and that BBC Monitoring is stable and secure for the long term?

Michelle Stanistreet: Absolutely. If the funding—

Chair: Which? The BBC or the Government?

Michelle Stanistreet: Sorry, could you repeat the question?

Mr Hendrick: Do you feel that the BBC, as at the moment, is the better source for that funding, or do you think it is the Government, through the Foreign Office, which is how the funding used to work?

Michelle Stanistreet: If the concern is about a short-term, medium-term and long-term future for Monitoring, we need a funding source that is stable and not subject to the whims of future licence fee settlements or charter renewals. The last two charter renewals have been carried out without any public engagement or scrutiny from licence fee payers, and the BBC then carried out swingeing cuts throughout the corporation, which is not a stable solution for the future prospects of Monitoring, as is the situation for every other area of the BBC's work. The Government would be a more stable funding partner in that context.



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Q14 **Mr Hendrick:** So you would prefer it if you didn't have licence fee involvement and it basically went back to how it used to be.

Michelle Stanistreet: The deal should never have taken place. It was a very poor deal, and I don't believe that licence fee payers should fund this kind of content, which is clearly of value to Government agencies and commercial clients but is not our role as licence fee payers.

Q15 **Mr Baron:** May I check that we are not tilting at windmills with regard to funding? If you believe the BBC's own figures when it comes to operating costs, they are coming in at £13.2 million for 2016-17. They then forecast that the operating costs will rise to £20 million for 2017-18. Some would argue that that doesn't sound like a cut. Then if you look at their expenditure figures from 2006-7 through to 2016-17, it is a pretty constant figure that ends with £29 million, which is a £2 million increase over the previous year. The £29 million is for 2016-17. What are these figures concealing? They paint, superficially, a reasonably stable environment.

Michelle Stanistreet: Clearly, there isn't a stable environment for Monitoring. It is undergoing the cut that we talked about: a third of staff, and 40% in the UK. Again, you will have to ask BBC colleagues who have drawn up the figures, but I believe the £13.2 million figure is the operational budget. That is the figure that the joint unions are working with in the consultation that is taking place at the moment. That is the operational editorial budget—running budget—of that department in its entirety. I think that in the BBC's briefing, where it gives the total annual expenditure, which is the table that you are reading from, that is for everything. In the next paragraph the BBC flags strips that out. When the funding change took place in 2013, all those central costs that really should reside in IT—

Chair: We will put that question to the BBC.

Michelle Stanistreet: It refers to different things.

Chair: It is very unfair to pitch that to you. We will ask the BBC to explain their numbers.

Q16 **Dr Lewis:** Michelle, I am the Chair of the Defence Select Committee, and am I here, as you have heard, as a guest of the Foreign Affairs Select Committee.

I was going to ask you whether it was not entirely predictable that this would happen as soon as it became known that the funding was going to be changed from a secure Government source—namely, the Foreign and Commonwealth Office—to the BBC. But you have already answered that when you said that the deal should never have taken place in the first place. So we take it from that that this problem is never going to be solved unless secure funding goes back to the Government in some way, shape or form. Is that your view?

Michelle Stanistreet: It is, because the BBC itself does not have secure funding, unfortunately, and all of my members who work across the entire



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BBC operation are suffering as a consequence of the licence fee settlements that have taken place in this last year and back in 2010. It is inevitable in that context that Monitoring, like every other area of the BBC's expenditure, is facing significant cuts. Since it was handed over to the BBC to run and to fund, like every other part of the BBC it is subject to its share of pain, but we did highlight the consequences at the time. Where we are today is an inevitable consequence of that deal.

- Q17 **Dr Lewis:** Again, I think you touched on this in passing. The Foreign and Commonwealth Office bore the whole burden of this in the past, but in reality it is not just the Foreign and Commonwealth Office that benefits from it. For example, on the Floor of the House on 12 September, the Secretary of State for Defence confirmed that the service provided by BBC Monitoring on open-source intelligence is of vital interest to the Ministry of Defence. So if you took each of the intelligence services, the MOD, the FCO and possibly DFID as customers, and divided up the funding that would be necessary to run this operation for the Government, it would not be very much divided up between that many consumers, would it?

Michelle Stanistreet: It wouldn't, and I think that kind of shared approach to Departments is, as you say, of benefit. There is clearly value, as you have just quoted. On the work that emanates from Monitoring, sharing the expense and sharing that burden into the future will give it the long-term ability to survive and sustain itself with the standards and quality that currently exist.

- Q18 **Dr Lewis:** Would you agree that there is one crucial difference between the work of the BBC Monitoring service and the work of the BBC World Service? What I am thinking of is this: the BBC World Service is transmitting programmes worldwide. Obviously, the country as a whole, and the Government as well, have a special interest in the projection of images and messages and quality broadcasting from this country. But isn't what the BBC Monitoring service does the exact opposite? It is not transmitting anything. It is actually gathering up, monitoring and collecting things and feeding them back to organisations, primarily Government Departments, that might be interested in it. The BBC doesn't really have much of a role for that sort of product itself, so it is effectively being asked, is it not, to pay for a service that sends back collated and collected information to Government Departments?

Michelle Stanistreet: Absolutely. We, as licence fee payers, the domestic audience who fund the BBC, are not the audience that Monitoring speaks to. The team at Monitoring are mining information from countries that a special focus is placed on, and they are monitoring the information. It is about those countries—how they see themselves, how they see their role in the world and how they perceive their relationship with the UK or other countries. That is a very distinct and different type of information and a different level of detail and expertise. It is not information for news stories for us as listeners and viewers of the BBC and, yes, it is incredibly distinct from the kind of service that the World Service carries out. Monitoring and the World Service are very distinct and different. It is a concern of the NUJ



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that when these changes are implemented—I really hope they are not, and that a rescue package can be put together—ultimately, in the future, we will just see Monitoring being a forgotten corner of the World Service, which really is a far cry from the team and the bespoke approach that Monitoring has at the moment and has had for a very long time.

- Q19 **Dr Lewis:** Are you aware of the fact that some of the people who are currently members of staff of the Monitoring service are having to sign contracts to try to get their existing jobs carried forward to the future but, instead of being monitors, they are now having to sign up to be something called “digital journalists”? Doesn’t that suggest a strong move away from the very specific role we have just been discussing?

Michelle Stanistreet: The current consultation process is working its way through effectively, as I hope it will continue to do. We are hoping that the job losses would be able to be sustained through volunteers and not compulsory redundancies, but it is involving a massive restructuring in terms of the grades and the types of roles that are there, and it is being brought directly into line with the BBC’s own editorial structures. It is trying to deal with pay grading and career prospects and a redesignation of the scope of those roles, so you are right to point to that.

Equally, it is a lot of the editors and long-standing monitors who would be leaving and taking redundancy in the context of this consultation. Those roles are shifting. I mentioned the video unit closing, and that is work that is going to be shared out amongst all of the staff in future, so they are all going to be expected to have that level of skill and expertise and to spread themselves wider than perhaps they are at the moment.

- Q20 **Dr Lewis:** Leaving aside your natural concern for the loss of jobs, if it’s not the case that we can reinstate the sort of Government funding that you are suggesting and arguing strongly should never have been withdrawn in the first place, is there any new structure that could be put in place that wouldn’t have the adverse consequences you have been describing?

Michelle Stanistreet: The sheer scale of this package of cuts means that, if the budget cuts remain as they are intended to be at the moment, it is very hard to think of any structure that would solve the problems they will create in the ability of Monitoring to carry on doing the work it currently does to the same scope and standard. That would be a difficult challenge for anybody, let alone the team of staff who work there and the BBC management who are responsible for doing it.

The issue of funding and the level of those cuts is a critical thing that needs to be addressed as part of this process, because it also won’t be the end. If the cuts go through in this way it will not be the end of the story, there will be more further down the line. That is why we are genuinely concerned that, in the future, Monitoring will become more and more of a rump. There are obviously big question marks over the existence of Caversham, and that will close at some point and those people will be transferred into London. It will mean that, at that stage, there will be a



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further loss of current staff because many people have made that part of the world in Reading and around Caversham their home and they are not going to relocate to London. Again, there will be a lot of change of personnel, as well as a change in the focus and the thrust of the work that they carry out.

Dr Lewis: And a huge loss of expertise.

Michelle Stanistreet: Absolutely.

- Q21 **Dr Lewis:** Finally from me, there is to be a 20% reduction in headcount at the overseas offices as well—about 30 people in total. What effect do you think that will have on front-line capacity? You can imagine the squawks of protest that would go up if there were a 20% reduction in, for example, Foreign and Commonwealth Office staff overseas. From your knowledge of the product that is created by this combination of people on the spot overseas and expert monitors in this highly specialised unit at home, what do you anticipate will be the effect on the product that has hitherto been so valued?

Michelle Stanistreet: It will inevitably be a very difficult double whammy that will hit, because obviously, those teams interact and work very closely together and are responsible for the product that comes out. Losing a fifth of their resources cannot but impact significantly on the work that is done. Even where there are plans to invest in new offices—again, it will fall to other witnesses to talk about the detail of that in Istanbul and Jerusalem—it is our understanding that they will piggyback on the existing BBC offices. There are also areas that are covered by the agreement with the Americans, so rather than potentially duplicating the monitoring work, it is our assumption that the new offices that planned and the new resources will be focused much more on journalistic content as opposed to the open-source content for monitoring. But again, that is something for others to comment on.

Chair: Ms Stanistreet, thank you very much indeed for giving evidence to us. There may be further questions that we will wish to ask you, so if we need to write to you to seek further elucidation, I hope we will be free to do so. Thank you very much indeed for your evidence.

Examination of Witnesses

Francesca Unsworth and Sara Beck.

- Q22 **Chair:** I know this is the third time you have interacted with us in one form or another, but perhaps our BBC witnesses will identify themselves for the record.

Francesca Unsworth: I am Francesca Unsworth and I am the director of World Service Group, of which BBC Monitoring is part.

Sara Beck: I am Sara Beck, the director of BBC Monitoring.



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- Q23 Chair:** In your running of the BBC Monitoring Scheme at the minute, the direction of travel is laid out in the introduction to the Scheme, which then lays out the agreement under which it is done. It says: "BBC Monitoring provides its services in the public interest for the benefit of users, including contributing to the provision of news in BBC services; for the benefit of its key Government customers, who are the Foreign and Commonwealth Office, the Ministry of Defence and the Cabinet Office and the security and intelligence Agencies ("the Key Customers"); and for the benefit of other public authorities." What is going on at the minute is really a betrayal of that core piece of the Scheme and the service, isn't it, because of the scale of cuts involved? From a service that was being funded to the order of £20 million plus, when it was planned you would receive it, to a budget that will be less than £10 million is nothing short of a hatchet job on the public service provision of this service, isn't it?

Francesca Unsworth: Well, no, I do not accept that. It is not a betrayal because we think we will be able to provide a core service that actually meets the needs of our key users. In fact, we have been in negotiation with the Cabinet Office, which is the lead Government Department responsible, to negotiate the new agreement.

- Q24 Chair:** Why do you think the Cabinet Office has not volunteered a Minister or an official to come to give us evidence? The lucky winner representing the Government is the head of knowledge management at the Foreign and Commonwealth Office. I had hoped we might have Ministers from each of the three interested Departments, but that is what we have ended up with. What is going on in your relationship with the Government Departments? I have made the charge that it is their interest that is not being—that it is not the BBC's interest—but now the Scheme is coming to an end at the end of this year, you are taking advantage of the opportunity to remould BBC Monitoring in the interests of the BBC, not in the interests of the wider public interest that was set out originally. Why are they not making a stronger representation either to us or to you?

Francesca Unsworth: You will forgive me, but I think that is a question for them to answer and not for me to answer, to be quite honest with you. But the fact that they haven't come I think plays into some of the history of how Monitoring was regarded when it was part of Government. Michelle Stanistreet talked earlier about the position prior to the agreement done in 2010, when BBC Monitoring was funded by the Government; that was not necessarily an entirely happy experience, either, for BBC Monitoring. Back in 2006, it was jointly funded by the Foreign Office, the MOD and the intelligence agencies, all of which—one of Sara's predecessors told me this when I took over my job—passed Monitoring around a bit like a football and actually absolved themselves of responsibility for it. It was at that point in 2006 that it was agreed that a joint approach should be made to the BBC about Monitoring—there should be one Government Department in the lead—and that is when it was passed to the Cabinet Office.

The history of Monitoring is that the Government have actually been somewhat reluctant to take their responsibility for financing Monitoring



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through the years. In 2010, as we know, the agreement was done over the licence fee settlement. The BBC agreed that they would pick up the costs of Monitoring, and they have—the Scheme, as it was called, was put in place to govern what the service should be. The Scheme, as we know, is now running out at the end of the charter period, and we are in the process of agreeing a new agreement through the Cabinet Office, which indeed does take a sum out of Monitoring. I need to give you the context for that, of course, which is the £800 million gap in the BBC's finances over the next four years as a result of doing the deal over picking up the cost of free licences for the over-75s, which means of course that the BBC is looking around at any savings that it can possibly make in order to plug that gap. BBC News will be asked, over the next four years, to make £80 million-worth of savings. So I think the view was taken that the percentage that Monitoring have was probably a reasonable thing to ask them to do.

Q25 Chair: May I put it to you that actually what is going on here is something called royal yachting? In the old days when we had a royal yacht, whenever the Royal Navy were asked for defence cuts in yet another round of defence cuts, the first item they would offer up was the royal yacht, knowing it was going to be completely unacceptable to be taken. They would say, "Well, it's really not a key naval priority to maintain a hospital ship we're never going to use. Perhaps this should be the first item taken in any cuts to the Royal Navy."

What I think is going on here is this. The BBC, in the 2010 public expenditure settlement, took on funding responsibility for BBC Monitoring directly, in what in effect was simply a transfer from the Foreign Office to the BBC, but the intention was that this would continue as laid out in the introduction to the Monitoring Scheme, as public service provision in the widest sense, not least with the key customers. Now this Scheme is running out, you are taking the opportunity to change that. In effect, you are royal yachting. You are saying, "The BBC budget is under terrible pressure." Having taken in effect the cut to the BBC budget in 2010, you are now trying to get that back in 2016 at the first opportunity, by cutting something that you know is a core national interest, but that plainly, obviously, is not a core BBC interest.

Francesca Unsworth: No. We are not royal yachting. I come back to what I said: this has to be seen in the context of the overall BBC budget. It is not easy to take £800 million out and to take £80 million-worth of cuts out of news as well. To ask Monitoring to play its part—I think the BBC would regard as fair enough.

Chair: I understand the BBC would—

Francesca Unsworth: If I may finish my point, I think what we have done is liaise with the Government on what they value about the service and whether we can deliver a service that is still viable for the Government.

Chair: There will be questions that come on the detail of that in a minute,



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so let me ask my colleagues to engage with that.

- Q26 **Mr Jenkin:** Good afternoon. I am Bernard Jenkin, chairman of the Public Administration and Constitutional Affairs Committee, which shadows the work of the Cabinet Office. What was your expectation of what the Cabinet Office would say when you first went to it with your proposal?

Francesca Unsworth: The expectation was that they would not be happy with the cuts we were proposing. We offered the option of whether or not they wanted to contribute further.

- Q27 **Mr Jenkin:** So your approach is, effectively, an ask for money.

Francesca Unsworth: Informally, yes. We have said, "Is there any prospect that the Government might want to pick up this cost again?"

- Q28 **Mr Jenkin:** What expectation do you think the Government had when they handed over to this scheme with a five-year timeframe?

Francesca Unsworth: I don't know. I was not part of the 2010 agreement. I don't know what the Government's expectation was at that point about what would happen when the charter ran out, but I would imagine everybody would get to the point where we saw what the finances were at that time and discussed accordingly.

I also want to address the assumption that Monitoring could just go on doing the same old thing. Actually, the world has changed. Michelle talked about how there is a massive increase in sources, which means that the work of Monitoring is more valuable than ever. The massive increase in sources means that it doesn't matter how much money we put into Monitoring; we are never going to be able to do it. We have to be much more focused about what service Monitoring is going to be able to deliver. Over the last few years, in fact, we have spent £10 million on a change programme and have put in new technology in order to change the service that Monitoring is able to deliver, to select the key sources that our users need and how they should be presented and delivered to our key users. That has enabled us to take some jobs out.

- Q29 **Mr Jenkin:** In terms of your users from Her Majesty's Government, there are effectively three: the MOD, the Foreign Office and the security services. What dialogue do you have with each of those three Government users about this?

Francesca Unsworth: We have an operational dialogue.

- Q30 **Mr Jenkin:** But about this longer term.

Francesca Unsworth: That is with the Cabinet Office.

- Q31 **Mr Jenkin:** And are the three services, the three users, represented at this meeting, so that their interests—

Francesca Unsworth: They are not actually represented at that meeting, but we held a number of workshops earlier this year at which we had representatives from all Government Departments and users.



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Q32 **Mr Jenkin:** What concerns have they expressed to you about these proposals?

Francesca Unsworth: They were concerned about volume, so we went away and looked at the volume of stuff that we were able to provide for them and adjusted it accordingly. They were concerned about the video unit, which Michelle referred to and which the MOD is particularly keen on. We said "We can't afford to do this within the budget we have. If you would like to pay for it separately, we can talk about that."

Q33 **Mr Jenkin:** When you say that you have a budget, to what extent is your budget just imposed by the BBC on this service and if there is a shortfall you are expecting the Government to make it up?

Francesca Unsworth: Certainly the BBC has to live within its means. As I said earlier, it is going to be making £80 million-worth of savings in news over the next four years. If it isn't these jobs, it is going to be other news jobs. It has to be assessed in terms of what is of value to the licence payer, since the licence payer is paying for Monitoring. But we had an agreement with the Government to provide a service. We have honoured that agreement since 2013 and we are going to honour it over the course of the next charter period within the confines of the budget that has been set and that the Cabinet Office have agreed with us.

Q34 **Mr Jenkin:** You say you are going to honour that agreement going forward, but the agreement expires—

Francesca Unsworth: No, I am talking about the new agreement.

Q35 **Mr Jenkin:** What obligation is there on the BBC to reach—

Francesca Unsworth: Because we have an agreement to provide a specific service for the users, which is expressed through the Cabinet Office. We are about to sign a document—

Q36 **Mr Jenkin:** In perpetuity.

Francesca Unsworth: No, for the next charter period. We are about to sign a document, and therefore we will probably be unable—we will have to deliver that service. That will be the agreement.

Q37 **Mr Jenkin:** So in the end, you are under a bit of a cosh. The Government can force you to provide a service and pay for it. Is that correct?

Francesca Unsworth: Yes, because we will have an agreement with them.

Sara Beck: May I add an extra element? In the negotiation of the new agreement, the Government group were quite clear that this is an opportunity to make a better agreement than the existing agreement, so we have worked very hard to get a more representative, more relevant document that holds the BBC to a firmer account of what it will deliver for the Government. It is on that basis that we have had feedback that the Government group are happy with that new agreement. Our



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understanding from the group of users that we work with is that they are happy with the new agreement and what we are undertaking to deliver.

- Q38 **Mr Jenkin:** I am now confused, because I thought at one stage you said the Government were unhappy with these proposals, and now you are telling me they are happy.

Francesca Unsworth: We have adjusted them through the course of the negotiation that has taken place throughout this year.

- Q39 **Mr Jenkin:** So the Government are now accepting the reduction in costs that you have put in front of them.

Francesca Unsworth indicated assent.

Sara Beck: The concern is not only about quantity and volume; there has been a discussion about the quality of the products, the accessibility of the products and the technology that we are using to deliver them. That has all been addressed.

- Q40 **Mr Jenkin:** How satisfactory is this as a process for deciding this sort of thing?

Francesca Unsworth: I am not sure it is terribly satisfactory as a process, but that is the process that we have been given. If you were to ask me whether the 2010 arrangement was ideal, I would say, "No, it wasn't," frankly, but that is what was accepted by our bosses in the BBC at the time, and therefore that is what we live with.

- Q41 **Mr Jenkin:** But how much is that a one-off settlement for that year that might have solved a problem for one period but actually is rather unstable as an ongoing arrangement?

Francesca Unsworth: It is now pretty stable for the next five years, certainly—or the length of the agreement that we are about to sign. It is probably as stable as most things that are taking place in public funding at the moment.

Mr Jenkin: Thank you very much indeed. I am sorry that I cannot stay for the rest of the session.

- Q42 **Mr Baron:** Just for the record, I know I am not alone in believing that given the strategic importance of the BBC Monitoring service, it should be returned to a Government funding device, whatever that may be, rather than coming out of the BBC's coffers.

For clarity, can I just pin you down—press you—a little bit? What you are saying, in effect, as I understand it, is that you think you are delivering a service and will be able to continue to deliver a service that you have agreed with the Government and you think might even be an improvement, despite the reduction in headcount and what we are led to believe is a £4 million reduction in the budget. That is your position.

Francesca Unsworth: I am not going to be Pollyanna-ish about it and say that it is absolutely ideal to be making these levels of cuts to



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Monitoring and that there will not be any impact. It would be foolish of me to say that. Of course there will be, in terms of what it is that we are able to deliver and the breadth of what we are able to deliver, but we know that we can deliver a viable service, and we know that because of the £10 million that we have spent on a change programme, putting new technology in and modernising the product, aspects of it will in fact be better.

- Q43 **Mr Baron:** Yes, but may I press you? There is a difference between viability and a reduction in service. Do you believe that as a result of these cuts there is actually going to be a reduction in the level of service? I ask because I believe—correct me if I am wrong—further BBC Monitoring offices are being opened in the US, Turkey and Israel, for example. It is not all cuts, by the look of it.

Francesca Unsworth: No, it's not.

- Q44 **Mr Baron:** So if I may press you, viability—fine. You can talk about viability on a reduced budget, but is the service itself—the quality of the service and the reach of the service—going to take a hit from these cuts, or are you saying that you can manage it?

Francesca Unsworth: We are saying we can manage it. I am saying that there will be a reduction of the service. We think the quality will be better because of the programme that we have put in place. Much of the savings that we are making have come out of reorganising management cuts—fewer staff in the UK and more overseas—and we think that we are going to be able to produce a viable service that in many ways will be better than what we were producing before. There will, however, be aspects of it that some users think that they probably would like, and they won't be getting, such as the video unit, which is referred to in the NUJ submission. We have discussed all this, though, with our Government Department.

- Q45 **Mr Baron:** Okay. Let me just press you a little bit on this issue of reduction versus viability. There is a growing view that the foreign policy-making apparatus in this country has been poorly sighted on a number of key interventions recently. Libya is one example. You could say Syria is another. Not everybody would agree, but there is a general view that we are penny-pinching when it comes to our foreign policy-making apparatus and that we have been, at times at least, poorly sighted. This smacks, again, of being pigeonholed into that sort of category. We are basically allowing cuts to come through on parts of a service—the BBC monitoring service—that would perhaps enable us to be better informed. Are you saying that, on the ability to listen in, to gather information, to help us to be better sighted when it comes to foreign policy generally, there will be no reduction in that capability as far as you are concerned, with regards to these cuts? A major part of our remit here is the impact on the FCO's ability to make informed choices.

Francesca Unsworth: It is a difficult question to answer, because there is no doubt that we will not be as broad, but we will be more focused so we will be able to respond quickly to events that are moving around the world, as we did earlier this year in Ukraine. I don't know whether Sara



wants to pick up on this. Something happens in Ukraine and we are able to respond quite quickly to that and set up an operation that can monitor what is going on in that part of the world more effectively than just general run-of-the-mill stuff. Are we as broad as we were? No, probably not.

Sara Beck: What we have done is maintained the priority areas and that comes back to the core services of the agreement with the Government. We are undertaking to broadly maintain the volume and the quality of the core services. What we are not is absolutely everywhere, but the existing monitoring service did not cover the whole of the globe.

Q46 **Mr Baron:** No, but there is a disparity here in your position. Let's be absolutely clear. I agree with you that the monitoring service didn't cover the globe. What we are interested in is whether the reductions are feeding through to a narrowing of that coverage. You are saying the quality has gone up, technology is helping, and I understand that, but give me a feel as to the narrowing. Where is the service being reduced from a breadth point of view?

Sara Beck: What we have tried to do is to prioritise the key areas. For example, in our Tbilisi office, which previously covered the southern Caucasus and Iran, we will now focus on our Iran coverage. We will have less coverage of the southern Caucasus, because in terms of priority that is an area that is less active at the moment, but we are reinforcing our Iran coverage from that office, because you have a footprint into Iran which gives you a very good access to sources in that region—but that would not count as a priority. For the priority languages of Arabic, the Iran team and Russian, we will still have the same coverage.

Q47 **Mr Baron:** Okay. I will aim my final questions at the subsequent witnesses, because it is fairer to ask them, but I am interested in your view as well.

You are saying that there will be a narrowing and, in effect, we are in the game of predicting where the next crisis will come from. That is what we are implying by that very decision. Some of us are very uneasy about that, believing that we need to be as broadly sighted and as well sighted as possible because no one can predict with any certainty where the next crisis will come from.

This is not your problem. It is the Government's problem, and we will ask questions along those lines. What we can take away from this is that you believe you are supplying an enhanced service for the services and areas that you do cover, despite the cuts to the workforce.

Sara Beck: Let me try to explain. It is not just about volume. We have also had quite detailed conversations about the quality of our products. We are putting a lot of work into improving the quality and sourcing of the products. At the same time, we have made a proposal for the Departments for which it is important to have large amounts of volume that can be analysed in different ways. We are proposing a stream of raw data for them to meet that need.



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It is not necessarily the case that we need a headcount solution to some of the issues. In this way, we hope to be able to cover the Departments that are interested in volume and to meet the needs of those that are interested in a quality product, which is what we really need to do to meet the needs of the BBC and commercial customers at the same time.

- Q48 **Mr Hendrick:** You talked about the quality and volume of information. Do you see your service as being primarily for the benefit of the BBC or, equally importantly, for the benefit of the Government? You supply information that is of interest to the Ministry of Defence and the intelligence services. If you see that as—if not as equal—being important, do you feel that a strong case could be made for a direct contribution from those services? If you are gathering information that may not be of interest to the BBC, but may be of interest to Government Departments, perhaps you could look towards a dual funding arrangement if you could not go back to the original formula that you had under the Foreign Office.

Sara Beck: Yes. I personally think that there is a coincidence of interest. What is of interest to the BBC—news stories and important geopolitical events in various parts of the world—often coincides with the priorities of Government groups. We have done a prioritisation exercise to that effect, which we have undertaken in the new agreement, ensuring that we are part of an annual cycle with a strategic review of where we are positioned and how we are operating.

There is a joint interest. Through the lens or broadcasting or of policy making, there is a huge area of common interest. It is really important that there is a clause of additional services in the new agreement. If there are areas or services that a Government Department thinks it is not getting and which is not part of the core service, there is provision for that. There is provision for a funding line that could come through any of the Departments for additional services. BBC Monitoring could pick that up as a separate piece of work with that funding. There is a flex in the agreement for that kind of addition.

- Q49 **Mr Hendrick:** I know that your liaison is with the Cabinet Office. Have you ever raised that possibility with them? Is it something that we could pursue?

Francesca Unsworth: Yes.

Sara Beck: Yes.

Chair: That is very clear.

- Q50 **Mike Gapes:** Just to clarify, you are implying that there are generally areas of convergence of BBC interest and Government Department interest. If the Government are the key customer for BBC Monitoring, would it not be better that they take overall direct responsibility? The BBC could then buy in to things that it wanted, rather than the other way around?



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Francesca Unsworth: If that was an option, I would be extremely happy, but I have not really had any indication of that. I would not be looking a gift horse in the mouth.

- Q51 **Mike Gapes:** If the Government are not funding BBC Monitoring—taking Mr Hendrick's point a bit further—and the BBC has its own agenda and there are areas in which, as you have just said, the Government might be more interested in, that you are not doing, and the Government do not provide the purchasing for that, what happens? Do they then lean on you to do other things?

Francesca Unsworth: That is all covered. That is why there is an agreement, because it lays down what it is. The Government are our major customer and user. There is no doubt about it. Would Monitoring exist if it was not for the Government function? Probably not. Having said all that, however, I firmly believe that Monitoring gives a unique quality to the BBC's journalism which very few, if any other international news provider will have.

I think the question was asked earlier, "Who else is in this sphere?". I think the Australians do a bit of it. Obviously the Americans are, but I am not sure that in the American context it necessarily feeds back into the journalism, because they do not have that relationship with a news provider, which we do. It enhances the quality of World Service journalism and domestic journalism.

- Q52 **Mike Gapes:** Can you expand on that a bit? How do other countries—you have mentioned Australia and America, but other European countries, for example—operate in these areas and fund and govern the monitoring function? Is it done just through the Government or is it done in a different way?

Francesca Unsworth: I don't know the answer to that.

Sara Beck: I'm afraid I don't know the answer to that. I think they are mainly Government funded.

- Q53 **Mike Gapes:** Directly? As in the old system that we had here?

Sara Beck: *indicated assent.*

Francesca Unsworth: I don't know. We could go away and find out.

- Q54 **Mike Gapes:** It would be helpful to us because if there are comparisons it might help your argument as well.

Chair: With a bit of luck the Foreign Office official may be able to help us.

- Q55 **Mike Gapes:** I've got two more questions briefly. Can I clarify the role of governance within the BBC for Monitoring? If there are issues that relate to Monitoring and you are not getting the funding within the BBC for what you want to do, how is that dealt with within the BBC structure?

Francesca Unsworth: It comes under News, so the governance is director of World Service group, director of News, and if there are any



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issues, the regulatory body is still the BBC Trust, currently, who are there to regulate.

- Q56 **Mike Gapes:** But in terms of a line of reporting and a line of decision making, is it effectively from Monitoring through you?

Francesca Unsworth: Sara, me, director of News, Tony Hall.

- Q57 **Mike Gapes:** Final question. How do you monitor the new media—social media, Twitter, Facebook, Instagram, Snapchat and new things that I don't know anything about?

Francesca Unsworth: This is absolutely key to why we needed a change programme and why these old ways of doing things are not going to work, because what you are monitoring is not the same as it was 70 years ago. It is not all about radio stations and television stations. It is about social media, it is about which chat-ups people are using. It is about where certain social media platforms are big and others are not. It is why the translation function is less important than it used to be because actually what you need are people with a very key understanding of the media in the part of the world that you are operating in and understanding what are the major means of communication that we then can go and monitor and look at.

- Q58 **Mike Gapes:** The translation of Chinese acronyms, perhaps, or Russian slang rather than translation in the traditional sense, if people are doing it through Twitter, for example?

Sara Beck: Translation is obviously a central part of our work. The NUJ itself says that monitors consider themselves journalists. They are journalists. We are adding in the need to be confident and fluent in handling the different formats and platforms that there are now. It is about being able to scan and source the digital media that is out there. It is also about being comfortable handling digital platforms ourselves and using our own digital platform, the portal, to understand what people are taking from us, so it is on all levels.

Francesca Unsworth: Which is why they do need to be digital journalists in the future. The point was made earlier in the NUJ session that they were monitors, but now they need a much broader range of skills to be able to assess the material that is out there in the world and how people are communicating with each other.

Sara Beck: And I think most of our staff consider themselves in that field.

- Q59 **Chair:** Can you just explain a few numbers to help us? In the informal session, you kindly came and explained that the operating budget is reducing from £13.2 million in 2016-17 to £9.45 million in 2017-18. In paragraph 9 of the memorandum you submitted to us, you said that the total operating costs for BBC Monitoring are budgeted to be £20 million in 2017-18. Can you help the Committee?

Francesca Unsworth: I too was a bit confused and I brought along my finance person to help me out here.



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Sara Beck: Allow me to try to explain. Point 9 of our submission is about financial year 2017-18. At that point, we will have made the reduction in funding. The base operating costs of BBC Monitoring at that point will be, as you correctly said, £9.4 million. The £20 million is made up of the additional centralised costs that we talked about, which were split out from monitoring budgets. It is about HR, finance and pensions; international bureau structure; and technology and workplace. It will be a lesser amount, but still an investment from the change programme. The additional £11 million, roughly, adds up to £29 million in 2017.

Q60 Mr Baron: Briefly, what we are trying to get at is this. You said there is a cut coming. The operating cost figures actually go up modestly, and you have admitted that those operating costs include extra money spent on technology. The point we are trying to sort out here is this. You said that your existing services, where they continue, will be better quality, helped by better technology. Could the Government rightly say that you have agreed the brief and you are producing a better quality service with regard to the coverage—we can come on, with regard to the FCO, to whether that is trying to predict crises or not—but actually the costs added on as part of your £20 million, which you just mentioned, include technology costs? We heard earlier that they are being described as an enhancement of the service. Are you telling us that the cuts of £4 million and 98 staff, sad though they are, are going to result in an enhanced service for the bits you are covering, as agreed with the FCO?

Francesca Unsworth: Well, yes, I think we are saying that. It comes back to the breadth question.

Mr Baron: Yes, which we will pursue with the Foreign Office as well.

Francesca Unsworth: And it comes back to additional services that Government Departments might quite like on top of what we regard to be the core service. We think that the change programme that we have put in and the new technology will make the core service better than it was in the past.

Q61 Mr Baron: How much of this extra money that has come round via the back door—this is an accounting issue in many respects—

Sara Beck: It is an investment in—

Q62 Mr Baron: Yes, but how much of that is being spent on technology?

Sara Beck: I think we are using “technology” to mean different things.

Q63 Mr Baron: I want to talk about technology that enhances the service.

Sara Beck: Which is the delivery platform and the production services.

Mr Baron: Yes.

Sara Beck: As part of the change programme, the majority of that spend has been on the technology. To date, that has been £10 million, and by the end of the cycle it will be £13 million, which will enhance the structure.



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Mr Baron: Yes, to enhance it. Basically, although you have been talking about a £4 million cut, you have actually spent more on technology to enhance the service.

Chair: I think I will want to follow up on exactly what these numbers mean, because I am still not clear.

Sara Beck: The technology—

Mr Baron: Can she just answer?

Chair: No. I am going to Dr Lewis, because Mr Benyon has to go, and then Dr Lewis won't be able to ask any questions.

Q64 **Dr Lewis:** Thank you very much, Chairman. I just want to be absolutely clear, Fran, what you said earlier was: if the Government were to resume funding, you would not look a gift horse in the mouth?

Francesca Unsworth: Of course not.

Q65 **Dr Lewis:** And you have told us previously informally that you have indeed raised that possibility with the Cabinet Office but they were, to put it mildly, not enthusiastic. But the fact is that, if the Government could be persuaded to resume funding, you would be happy and you would be willing to ditch a lot of these cuts. Can I just say, I know you have put a lot of work into trying to create a new model in the light of facing the cuts, but one must differentiate between the work one has put in to achieve a regrettable objective that you would rather not have to achieve, and then sticking with it just because you have done the work.

Francesca Unsworth: I think I would put it a different way: if the Government wanted us to spend £13.2 million on the operational side of BBC Monitoring, we would work with them to talk about what kind of service would be delivered but, of course, it might be that we would want to go along with quite a lot of the reorganisation that we are doing because we think it suits the modern world. To say we would reverse the cuts would probably not necessarily be entirely accurate.

Q66 **Dr Lewis:** Yes, but nevertheless, as you are providing a service to Government agencies, the Government agencies would then be in a better position to stipulate perhaps the sort of monitoring that they wish to continue.

Francesca Unsworth: Well, obviously if they were paying.

Q67 **Dr Lewis:** Exactly. Can I briefly focus on Caversham Park? Caversham Park is shared with the Americans and their Open Source Enterprise. This arrangement gives us the open source equivalent of what the secret agencies have with their intelligence-sharing arrangements with the American secret agencies. Our BBC Monitoring service covers certain countries and the American Open Source Enterprise, in the same building, covers a great many more and then they trade this information. If we ditch Caversham Park, this arrangement will come to end. They are going to have to move; we are not going to be supplying them with that



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monitoring product that we were before, and they will in turn not be supplying us with the huge benefit of theirs?

Francesca Unsworth: No, that is not correct.

Q68 **Dr Lewis:** Not correct?

Francesca Unsworth: No. We have agreed with the Open Source Enterprise that we would continue the relationship wherever geographically either of us was located.

Q69 **Dr Lewis:** And, if you geographically move the people to London and they all have to have London weighting at, what, £5,000 a head extra, how much saving are you actually going to make on losing the Caversham Park headquarters with all its tailor-made properties and qualities?

Francesca Unsworth: That is a kind of question for BBC Workplace which have done the figures on that, which I do not have. There is a substantial saving to be made by getting out of Caversham Park but it is not just about savings, it is also that Caversham Park is not really a very suitable building anymore for the kind of work we want to do. It is not an open-plan building. It would need money spending on it to make it fit for purpose. It is not very well inhabited generally: there is a lot of empty space there. It is not a very cost-effective building for the BBC to be in. Also, I am keen to integrate BBC Monitoring journalists who have an awful lot to offer the licence payer and the international audience. I think that, as a central resource, they would be better placed in central London to fulfil that function.

Q70 **Dr Lewis:** Finally, because Mr Benyon has to go and then I have to be silenced, can I refer you back to a "Newsnight" programme in June 2014—it was about the Monitoring service; you probably know the programme concerned—in which it was stated: "the corporation is seeking to hand over responsibility for those parts of monitoring that are what one source described as, 'inappropriate for the BBC'". Do you know what would have been meant by those parts that are regarded as inappropriate for the BBC? Presumably, those parts that are mainly of interest to Government Departments. Can you confirm that, in dealing with your own staff, there has been talk about saying that in the future we will be concentrating more on women and young people as the recipients of the output of the monitoring service?

Francesca Unsworth: Just to take that point, Michelle was going through some of the stories that Monitoring does. I looked this morning at the portal that Monitoring is doing. It was covering Angela Merkel's trip to Ethiopia, a meeting of Vladimir Putin with the drug regulators, South Korea protesting to the Chinese about an incursion into their waters, so frankly I don't quite recognise the picture of a dumbing down.

Q71 **Dr Lewis:** But you haven't made the changes yet, have you?

Francesca Unsworth: I can assure you that we will still be covering that type of thing. This is the change; this is the new portal.



- Q72 **Chair:** You may be doing it, but the point is you are doing more, and you are doing stuff that is of entertainment value. I'm not sure what interest Robbie Williams would be to the Foreign Office or the intelligence services but he now comes within your remit, as do the other stories that Michelle was talking about.

Sara Beck: I don't think it is a representative example of our work. Our bread and butter are geopolitical stories and analysis of news events. There is a blog called "News from Elsewhere" which Monitoring contributes to. It gets very high hits, so if you do a search of BBC Monitoring, you will get stories from "News from Elsewhere". But the bread and butter and the shopfront of our services are in the portal, not in a Google search of a most popular story. I would suggest that that is the place to look for the quality of our services.

- Q73 **Chair:** Can I, on the back of questions about Caversham, explore what is happening to the open source centre—the American one?

Sara Beck: We have consulted with them. As soon as the possibility of a move from Caversham was on the table, they were informed and I have been consulting with them all along about the various stages and developments of the project. We have no date yet for a move. We have no destination yet for a move. At the moment it is there on the horizon and the Open Source Enterprise have been in discussion about what other options they might have. There is not space, even with the reduced monitoring team clearly to take any of them with us into a central news location for the BBC, but they are aware of this.

- Q74 **Chair:** I think I will explore with the Foreign Office the implications of the loss of that relationship, and Mr Zahawi has some questions about restructuring that might touch on that area.

I want to finish by seeing if I can understand the money. You gave some of the answers to Mr Baron but there was no ascribing of what is happening. There is a total annual expenditure for Monitoring, which appears to be rising to £29 million in 2016-17. There is an operating budget that is falling from £13.2 million to £9.5 million.

I am modestly confused about what is going on here. There are a large number of staff being made redundant, which is obviously reflected in the operating cost figures. Yet it would appear to me that you are beginning to ascribe to Monitoring central costs of the BBC that have not so far been part of Monitoring expenditure, if you are scoring £29 million as total expenditure on BBC Monitoring.

Sara Beck: I have got the details here, which I can run through for you. For 2016-17, which is the year where the overall expenditure has peaked at £29 million, what we would call the operating costs of Monitoring—the staff, the expenses, the travel—we have £13 million. For HR, finance and pension, we have £3 million. For international bureaux support, which is shared across News—shared back office and infrastructure costs—we have £1 million. For technology and workplace, which is the building and all the computer systems and satellites that we use, we have £6 million. The capital spend, which I tried to explain earlier—



Q75 **Chair:** Six? What was six on?

Sara Beck: Six was for technology and workplace, and similarly six for the capital spend, which is mainly the funding for the change programme, which has been the overhaul of the delivery system and the production system—this is why I think maybe technology has been used in both senses—which comes to £29 million. Those central costs of HR, international bureaux support and technology and workplace are centralised across the BBC because it is a more efficient way to run those services. It means that Monitoring does not have its own finance unit; it has access to a centralised finance system.

In 2017-18 that £29 million drops to £20 million. We have discussed that the £4 million comes out. So you now have a £9 million total for operating costs; similarly £3 million for HR, finance and pension; £1 million for international bureaux; and £6 million for technology and workplace. The investment in the change programme will drop off, because we will have delivered on most of the project, and that is £1 million. That makes £20 million.

Chair: I think I would be grateful for a memorandum that explains these numbers and exactly what is actual budget on Monitoring and how much is ascribed in an accounting sense to Monitoring.

Q76 **Mr Baron:** For absolute clarity, what you are saying is that the £4 million shortfall has been more than made up for by technology investment that will enhance your service, given the nature of the service we have been discussing this afternoon—in other words, the ability to listen in on other services, and as an information gathering service as well. What you are saying, from the figures you have given us, is that that is correct. We can come on in a minute, with the Foreign Office official, to the breadth of the service, but with the agreed coverage extent—enhanced service, more technology, and you have spent more on technology than the £4 million reduction would suggest.

Sara Beck: *indicated assent.* But I would also add to that—a much more efficiently and effectively run organisation that is more suitable for the work that we need to.

Q77 **Mr Baron:** One final question: did you envelope your financial planning? When you sat down with the Foreign Office with the scheme and it got signed off, my understanding from reading the background information is that the scheme ensured—or it was agreed to—that you would keep the extent of the coverage, but at a reduced cost.

Sara Beck: To set out in the scheme? There is no provision in the scheme for how much is spent on BBC Monitoring.

Q78 **Mr Baron:** No, no. Not spent—I am talking about coverage. In other words, those hotspots, and so forth, that you were discussing earlier. The information that we have got suggests that the scheme suggested that would broadly stay the same. What you are saying is that, actually, you are covering less now.



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Sara Beck: The priority countries, which we focus on, have stayed the same. My point earlier was that we are maintaining our priority areas.

Q79 **Mr Baron:** But have sacrificed a bit at the margin.

Sara Beck: Yes.

Q80 **Nadhim Zahawi:** Just before I get into the restructuring plan, in terms of analytics and especially the longitudinal data, in one of the answers to Mr Baron you talked about switching some countries off and focusing somewhere else. How much analytics do you offer as part of that? Is there any analytics, whether machine or humans?

Sara Beck: When you say switching countries off, what do you mean?

Q81 **Nadhim Zahawi:** Well, you gave an example of not focusing on the Caucasus—you are going to focus more on Iran—therefore I am assuming you are switching off that server.

Sara Beck: No, we are not switching off. In the agreement with the Government there are three categories of country and we focus on priority A. Clearly, the most resource, effort and output comes from the priority A countries. In partnership with the OSE we cover the globe, so we have access to other information on all those other countries via the OSE; we complement each other globally. There isn't a question of switching off; there is a question of resource and prioritisation.

Q82 **Nadhim Zahawi:** Does the product offer any analysis?

Francesca Unsworth: Very much so, yes.

Q83 **Nadhim Zahawi:** How do you think the quality of analysis is going to be impacted by these budget cuts? Not just the actual machine of Monitoring—I am talking about analysis of the output.

Sara Beck: Analysis is an interesting area, because the understanding of what analysis is and the level of analysis varies hugely. In discussion with the Government group, it is something that some of the Government group want to do themselves. They are interested in the raw data and the building blocks of information that they then analyse.

Q84 **Nadhim Zahawi:** Are they taking some of that work over?

Sara Beck: No. We have analysts within the team in Monitoring and we use them and target them as and when necessary.

Q85 **Nadhim Zahawi:** Right. So my question is: will the analysis element of what you do be changed by these budgetary cuts?

Sara Beck: I think I would have to say that, in consultation with our users, we would be testing whether the kind of products that we are producing are what they want, and that would be a constant conversation.

Q86 **Nadhim Zahawi:** So they have changed—if you are going to be testing.



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Sara Beck: No. What we are trying to do is establish a much more responsive relationship with the users so that the products we are delivering are what they want. If there is a gap in the analysis—

- Q87 **Nadhim Zahawi:** My point being: are you moving simply to supplying raw data with Government Departments doing the analysis, or will you still be doing analysis in the way you were doing before the budget cuts—yes or no?

Sara Beck: Yes, we will still be doing what I would term more sophisticated products which draw on multiple sources and analyse a situation. We will still be doing that.

- Q88 **Nadhim Zahawi:** So the analysis element is not being affected.

Sara Beck: No, it will still be a part of our products list.

- Q89 **Nadhim Zahawi:** On restructuring, what alternatives did you look at other than this model?

Sara Beck: There is one alternative, which would be to slice each department equally to meet the drop in funding. I think that would have made the service untenable. We have not applied a cut of 30% equally across the organisation; we have taken a bigger hit in the management levels and made more efficient structures. So we have tried to organise as efficiently as possible. So there is one argument where you could say that we could have sliced at everything but we would have been left with nothing. We did not choose to do that, clearly.

The other options we could have considered are whether there is a fully commercial model. The development of both our commercial products and our commercial activity is not at that level yet; that is not viable. Then, as we said earlier, there were discussions about whether there were parts of the service that would be funded from Government.

- Q90 **Nadhim Zahawi:** Why is the commercial product not viable? How much does it produce currently?

Francesca Unsworth: That would affect our relationship with the OSC.

- Q91 **Nadhim Zahawi:** So it is hindered by that relationship rather than what you can sell.

Francesca Unsworth: Well, I think it is hindered by what you can sell anyway, to be quite honest with you. I think this product is in a difficult environment in which to fully commercialise, but even if we could I do not think the Americans would want the same relationship with us—although they are happy that we should do some cost recovery, which is of course what we are seeking to do.

- Q92 **Nadhim Zahawi:** Were the 30% cuts proportionate to those across the BBC?



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Francesca Unsworth: Yes, it is actually about 20% of the overall budget. There is an issue here about us going early with Monitoring, because we were in the middle of a change programme—

Q93 **Nadhim Zahawi:** So other departments have not felt the cuts yet.

Francesca Unsworth: We have not announced yet, but it is coming.

Q94 **Nadhim Zahawi:** Will it be proportionate?

Francesca Unsworth: It will be. We are not quite delivering it like that because of course that would be a salami-slicing way of doing it. So we will be looking strategically at what it is we want to be doing in the next 10 years.

Q95 **Nadhim Zahawi:** Has Monitoring taken a disproportionate cut?

Francesca Unsworth: No.

Q96 **Nadhim Zahawi:** It will be at a similar level across the BBC.

Francesca Unsworth: Yes.

Q97 **Nadhim Zahawi:** I understand the salami-slicing point, but Monitoring has not been targeted specifically because it is a soft target.

Francesca Unsworth: No. This is the royal yachting issue, which I reject.

Q98 **Chair:** Royal yachting is that you would need to protect the royal yacht in its entirety, despite the fact it is arguably an unfair claim on your budget and the budget line should be somewhere else. That is what is at issue with the royal yachting example. For the supporters of the wider public use of Monitoring, the point would be that you just collected the responsibility for funding it in its entirety at the level you then inherited from the FCO in 2010, which obviously then began in 2013, and at the first opportunity you're cutting it. Well, it's because BBC Monitoring is not a central BBC interest. It's in the national interest, which goes much wider than simply the BBC.

Francesca Unsworth: I understand the argument. As I say, though, it's more—

Chair: These are points for us to take up with the Government.

Q99 **Nadhim Zahawi:** There is to be a reduction of about 20% in headcount in overseas offices. That is about 30 people, right?

Sara Beck: It is about 30 people, but we are establishing a Monitoring presence in some other offices, which adds another 13 people internationally.

Q100 **Nadhim Zahawi:** Right. But the equivalent of a 20% reduction in overseas numbers of the FCO staff would be deeply damaging. You don't believe that that will be deeply damaging to the service in your case?

Sara Beck: I think that is also manageable. Again, as I said about how we've allocated the reductions in the UK, we've done the same in our



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international offices. And just to be clear—we are not setting up new offices in new countries. This is adding a Monitoring presence to existing BBC offices, so there are efficiencies there in back office. Also, to be clear, Monitoring teams do not need to be in the actual location to report; they need to have access to the sources. So it is not correct to say we're setting up in Israel and the US. What we are doing is having access to a footprint of sources in that region.

We are applying some of the same principles. So, for example, Monitoring has traditionally run separate managers to editors, and we're putting the two together and saying that an editor can manage, and vice versa. So, in Kiev and Nairobi we're streamlining the management. In some other areas in Afghanistan, we're actually pulling back from one office in Mazar into Kabul, because it is, frankly, a very difficult place to operate in and that will make it more effective. In other areas, as I pointed out earlier, in the south Caucasus we're refocusing the effort in Tbilisi.

We have tried very hard to protect the international teams, because that is where our unique value lies, and the bulk of the post closures are in the UK. So, proportionately the international team—

Q101 Nadhim Zahawi: Back to the analysis—how many heads have you got doing analysis at the moment, and how many will there be after the restructure is complete?

Sara Beck: I would say that all our staff are able to analyse, and I wouldn't like there to be a distinction between the international teams and the UK teams, because what we're trying to do is equal out the quality of what's brought in. So we have staff in our international offices who will be writing quite complex reports, pooling multiple sources and analysing the situation in that country, as we do in the UK. Across the board, we will be delivering that higher end of product as well and it won't necessarily only be from the UK.

Q102 Nadhim Zahawi: So they all can do analysis, across everyone?

Sara Beck: I would expect that journalists are able to analyse the countries that they're in. This is my point again about "analysis" as a definition: what do you mean, and whether you mean a separate analyst? Those tend to be the roles that we've traditionally had in the UK and we are incorporating those into the regional teams in the UK.

Q103 Nadhim Zahawi: And on those—those are the ones I'm interested in—how many have you got now, and how many will you have by the end of the process?

Sara Beck: What we are doing is that instead of having a separate team of analysts, we are incorporating—as I say, integrating—them into the regional teams—

Q104 Nadhim Zahawi: I get that, but the number is still a number of human beings who can do this special-standard analysis.

Sara Beck: We will have—

Q105 **Chair:** Why don't you, in addition to the clarification on the money, provide clarification on the people, where the people are being reassigned?

Sara Beck: We will have an analyst for Iran, Russia, in the Arab—

Q106 **Chair:** I think it would be easiest if you let us have that in a tabulated form, so we can then actually assess it.

Thank you very much to BBC Monitoring, and Fran and Sara, for your evidence. It is much appreciated. We will now take evidence from the Government. However, I am going to suspend the sitting for a couple of minutes, as some of us have been here some time. We will be back in two or three minutes.

Examination of Witness

Robert Deane.

Q107 **Chair:** We now have evidence from the Government. Perhaps, Mr Deane, you would like to identify yourself and your role, for the record.

Robert Deane: My name is Robert Deane. I am the head of the knowledge management department in the Foreign Office.

Q108 **Chair:** Can you explain why you have been nominated to give us evidence today? This is a function that is normally between the Cabinet Office and BBC Monitoring, and I know that in our discussions about who might give us evidence I was rather hoping that we perhaps could have Ministers from the relevant Departments, which would be the Cabinet Office, the Ministry of Defence and the Foreign Office. Arrangements were that you have been the lucky winner nominated to represent the Government to the Committee. Can you explain the background—what went on to have you answer for the Government to the Committee today?

Robert Deane: I am of course representing the Foreign Office, not the Government as a whole. The Foreign Secretary retains a residual ministerial responsibility for BBC Monitoring, along with responsibility for BBC World Service, but the actual negotiations with BBC Monitoring over the agreement, for example, which we have been talking about so far today, are run by the Cabinet Office, and the Foreign Office feeds into those negotiations; but the Cabinet Office actually co-ordinates and runs those negotiations.

Q109 **Chair:** So if we want to take evidence on those negotiations, which we do—obviously they are an essential part of this brief inquiry as to what is happening to BBC Monitoring—are you able to speak for the Cabinet Office?

Robert Deane: I will do my best. I am certainly able to speak for the Foreign Office. The Foreign Office is deeply plugged into these negotiations and takes a very close interest in them; and I have obviously spoken to the Cabinet Office about them.

Q110 **Chair:** But, to be clear, are you speaking for the Government as a



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Government official or are you just speaking for the Foreign Office?

Robert Deane: I am a Foreign Office official.

Q111 **Chair:** I know you are a Foreign Office official, but we initially asked the other Departments to produce their Ministers. They were unable to produce them, and it was unclear to us which officials were going to come when the Ministers were unavailable. I am therefore rather surprised. If you are going to say, "Well, I'm a Foreign Office official, Chairman. I speak for the Foreign Office", I am going to think, "Well, where's the Cabinet Office? Where's the Ministry of Defence?"

Robert Deane: I can't answer for the Ministry of Defence. But the Foreign Secretary has the ministerial responsibility for this, so I am representing the Foreign Office and his interest, representing the Government on this. So I think you can take it that I am representing the Government to the best of my ability.

Q112 **Chair:** I am sure that will be excellent, Mr Deane. We understand the circumstances in which you find yourself, so there is some sympathy and understanding on this side of the table for the responsibilities you have been invited to pick up. How does the Foreign Office use information from BBC Monitoring?

Robert Deane: We use it as one of the many sources of open-source information we have. Obviously the Foreign Office gathers information from a wide range of places. Our high commissions and embassies overseas are our primary sources, and we gather information from elsewhere through a number of open-source sources—BBC Monitoring being one of those.

At the moment, Foreign Office officials—desk officers, for example—access BBC Monitoring material through email feeds. We have a system where desk officers, for a topic of interest, can arrange through my department to have an account with BBC Monitoring. BBC Monitoring then sends them alerts on a daily basis with information on the topics they are interested in, which they can choose and nominate. That is how the system works at the moment: via a daily email feed. I had it myself when I was overseas. We are moving towards using the new BBC portal that is being rolled out. Currently, 200 or so FCO officials have direct access to the BBC portal, and the plan is to roll it out further to all BBC Monitoring customers in the Foreign Office. That will give those officers an ability to interrogate that set of alerts and so on. Their ability to use the data will increase significantly as access to the BBC portal becomes more widespread in the office.

Q113 **Chair:** How important is it in terms of all the data flow from open sources to Foreign Office policy-making officials and others?

Robert Deane: It is important, particularly in areas where we are not strongly represented. Obviously our primary sources come from embassies and high commissions; they monitor press and social media locally and feed that all back to the UK. We have subscriptions to all the regular journals you would expect: Reuters, Sky and all those sorts of things. BBC



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Monitoring, though, is a particularly useful source for us, especially in some of the areas of high interest where our coverage is otherwise low: places like the Middle East, parts of the former Soviet Union and north and east Africa, for example. So in those areas it is particularly important.

Q114 **Chair:** And what about the Ministry of Defence?

Robert Deane: The Ministry of Defence, I understand, uses the BBC Monitoring service in a similar way to us.

Q115 **Chair:** So it's similarly important.

Robert Deane: I believe so, yes.

Q116 **Chair:** And presumably to the defence intelligence service it is extremely important. Obviously they draw on the Foreign Office network, but it is likely to be of greater importance to them as a source, isn't it?

Robert Deane: There's a Cabinet Office-led open source steering group on which both the Foreign Office and the Ministry of Defence are represented. I believe they are represented by a two-star equivalent, who is deputy head of defence intelligence. So, yes, I take it that it is very important for them.

Q117 **Chair:** And for the intelligence services?

Robert Deane: The intelligence services sit on it as well, yes.

Q118 **Chair:** How important is it to the intelligence services?

Robert Deane: I think it is very important to the intelligence services. GCHQ, which I speak to regularly about this, considers it of vital importance.

Q119 **Chair:** What anxiety is there about what is happening to BBC Monitoring?

Robert Deane: We are obviously interested in maintaining the flow of information from BBC Monitoring. We are involved in the negotiation, which the Cabinet Office is leading, over the new agreement, which is much more specific on clearly setting out our requirements in terms of numerical targets for the reports we are interested in and the flow of reporting. The old agreement, if I am quoting correctly, asked the BBC Monitoring service to provide "timely and sufficient" information, which was a very loose concept. The new agreement, which will hopefully take effect with the new charter period from January, has much more specific KPIs in terms of the number and types of reports we would look to receive.

Q120 **Chair:** Now that we have had three years, in practice, of the BBC funding BBC Monitoring rather than the Government, and six years for the BBC to get ready for the situation, isn't it rather clear that the BBC are shaping this service not to service the Government but to service themselves, so far as it goes, with the Government's interests as a rather secondary matter?



Robert Deane: I am sure that their journalistic interests are very similar to ours in a number of places, so there is a symbiotic relationship there. In terms of the service we have received from BBC Monitoring, we have certainly not seen a deterioration, and we are very much hoping that, under the new agreement from next year, things will be better for us in several respects. There are two in particular: we are looking at having much greater access, through the portal, to raw information, rather than interpreted information; and for the analytical information that they provide, we are looking at a smaller, more focused set of information coming from them in terms of analysing trends and developments. We would expect the actual volume of reporting to increase, and greater access to some of the raw material that we would find useful.

Q121 **Mr Baron:** We heard from the BBC—you were listening to the evidence session—that, when it comes to what they choose to do, they would argue that their capability has been enhanced, helped by an increase in technology funding from central sources. But, they said that in discussions with the Government, the breadth of their coverage has declined. How confident are you that the FCO is going to be better at predicting future crises than it has been in the past?

Robert Deane: Predicting future crises is certainly a big issue in the Foreign Office. As you rightly commented earlier, we have been caught out on one or two recently, so a great deal of effort is being focused on that. How does the BBC Monitoring service reflect on that? With other Government Departments—the other key customers—we participate in the priority-setting arrangements that the Cabinet Office co-ordinates on our behalf. We establish our list of priority countries and help to set the requirements for BBC Monitoring in terms of what they look for in those countries. So we are feeding into the requirement-setting process.

Q122 **Mr Baron:** If I may press you, Mr Deane, and at the risk of repeating the question, we have heard that the BBC believes that it is going to be able to provide an enhanced level of coverage, because the nature of the coverage may be changing and technology investment has gone up. Okay, there has been a loss of jobs, but they would argue that where they provide cover, they are doing a better job. Some of us are concerned about the agreement with the Government whereby you have narrowed the breadth of coverage. You have admitted that we've made mistakes in the past and perhaps been a little bit unsighted—I think that is obvious to everyone. If this is, as you said in answer to previous questions, of strategic importance to this country, are you also not admitting that by leaving it within the BBC confines and financing structures, it could be argued that the FCO, or we, are being negligent, in the sense that we are restricting the breadth of coverage at a time when we live in an increasingly uncertain world?

Robert Deane: I don't believe that we are restricting the area of coverage.

Mr Baron: The BBC said you were.



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Robert Deane: The priority-setting exercise that we participate in hasn't been narrowed and the lists of priority countries and topics hasn't been narrowed. There is, of course, the burden sharing agreement with the Americans, the OSE, which is relevant here. If I remember correctly, I believe that the combined output of BBC Monitoring is roughly 25% and the American contribution is around 70% or 75%. Our interest is obviously in that relationship and in maintaining that relationship, which is very important to us. In terms of broad coverage, I don't think we are looking at a narrowing of that.

Q123 **Mr Baron:** We have just heard from the BBC—from the top table—that the coverage has been narrowed somewhat. Are you saying they are wrong?

Robert Deane: The list of priority countries hasn't been narrowed.

Q124 **Mr Baron:** We agree that the priority countries stay the same, but I am talking about the breadth of coverage outside the priority countries. They would argue that that coverage has been narrowed. The service is good where they are providing it, and it has been enhanced, et cetera, but the breadth of coverage—breadth in the number of countries and regions, or whatever you want to call them—has narrowed somewhat at the margin. Are you saying they are wrong?

Robert Deane: I haven't seen that myself in terms of the access we have to BBC Monitoring output at the moment. I haven't seen a narrowing.

Q125 **Mr Baron:** You haven't?

Robert Deane: No.

Q126 **Mr Baron:** So as far as you are concerned the monitoring service is providing basically the same level of coverage, perhaps even enhanced coverage, where it supplies that service and there has been no diminution of service?

Robert Deane: We haven't seen a diminution of service. What is important here is that our access to BBC Monitoring with the new technology and the new portal will be much easier and much better. I would expect desk officers in the Foreign Office to be able to exploit BBC Monitoring and to use the information much better as a result of the new technology.

Q127 **Nadhim Zahawi:** I have a couple of questions. First, we heard earlier about the analytics part of the service and the view that the Government are now looking at taking the raw data and doing the analysis in-house. Can you give us some more information on that? How is that being resourced?

Robert Deane: That is certainly true. There is something in this. In terms of the BBC Monitoring agreement, looking forward from next year we are looking at having from them a greater flow of raw material and perhaps a narrower set of analytical material that is more tightly focused on our requirements. That is true.



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In terms of our own abilities to analyse data, and this goes back to the point your colleague made about horizon scanning, inside the Foreign Office we are looking at using much greater analytical tools and improving our analytical capability. The Foreign Office has recently established an open-source unit very much tasked with doing this. We are very conscious of our need to follow, steer and engage with the social media space to a much greater extent than was the case in the past. All new diplomats, certainly senior level diplomats going overseas, receive training in using social media. Many of our ambassadors are active users of that. Also, we increasingly use social media as a source of information. For example, if we hold a big conference we will look at the reaction on social media to try to gauge what has landed well, what hasn't landed well and where we might need to correct messages, and so on. We are investing additional staff and financial resources in analytics in the way you suggest.

Q128 Nadhim Zahawi: Can you let us have those numbers, not just for the Foreign Office but for other Government Departments as well, in terms of the quantum of investment?

Robert Deane: I don't have those figures to hand, but I can certainly ask for them.

Q129 Nadhim Zahawi: If you could ask for them, it would be very useful. One of the issues around that will probably be that the current group of analysts who sit under BBC Monitoring would not require the same security clearance—probably no security clearance whatsoever. By taking some of this stuff in-house within Government, you would preclude, or at least disadvantage, those people from having the ability to apply for those jobs because they would need a higher clearance level if they are to work as analysts within Government.

Robert Deane: Most Foreign Office officials are DV cleared. I don't believe that BBC Monitoring staff are security cleared, and certainly not to that level.

Q130 Nadhim Zahawi: That's my point. If you are losing your job, there may be another opportunity to put yourself forward as an experienced analyst to Government. You don't get that opportunity, because the security clearance is an inhibitor.

Robert Deane: If we were recruiting on the open market for analysts, we would not expect them necessarily to come with security clearances; we would provide that once we had recruited them. The security clearance process takes a number of months. It is not unusual to recruit new people and clear them.

Q131 Nadhim Zahawi: So they would get the opportunity?

Robert Deane: Yes.

Q132 Nadhim Zahawi: There is a joint security fund that was a product of the SDSR. There is a pot of money that, if the Government wish to have an equal quality service at Monitoring, they could utilise. Since there is a demand for this service across the Ministry of Defence, the FCO and the



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agencies, is there any chance of looking at that money? You may not be able to answer that question, but may be you could go away and come back to us.

Robert Deane: That would not be within my remit. The Foreign Office uses only the BBC core product. We do not pay extra for additional service.

Nadhim Zahawi: But if you—

Robert Deane: We could, if we so chose.

Q133 **Nadhim Zahawi:** Can we ask about that? Can we have a response on that?

Robert Deane: Yes, of course.

Q134 **Mr Baron:** Given the strategic importance of the Monitoring service to various agencies here, would you prefer the funding to come from Government as opposed to the BBC, given the competing interests for limited finances within that organisation?

Robert Deane: We are primarily interested in the outputs. We are satisfied that the current Cabinet Office-led process will safeguard FCO interests in terms of the product. Where the financing comes from—the current arrangements, so far as we were concerned, were settled in the spending round in 2010 and the Foreign Office was content with the arrangements agreed there.

Q135 **Mr Baron:** But you accept that there could be pressures on the BBC budget that would be beyond your control to counter when it came to future funding? Are you not leaving the door open here to cuts that may be unacceptable to the FCO and the Government?

Robert Deane: We would specify to BBC what we want in terms of level of service and we would look very carefully at that service and make sure it is maintaining the standards we require. How the BBC funds that service would be an issue for the BBC, as far as we are concerned.

Q136 **Mr Baron:** So basically, you are saying there is an understanding between you and the BBC that once you/the wider government have decided what is required, there is an obligation on the BBC to find the funding, regardless.

Robert Deane: To meet the requirements that we have agreed. It is a joint agreement between the Government and the BBC Monitoring service.

Q137 **Mr Baron:** So the coverage comes back to your door? Basically you are saying the funding is there, it will be there, that is the nature of the agreement. The variable is what the Government/FCO wishes the service to produce by way of outcomes.



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Robert Deane: I think I'd flip that on its head, if I may. We specify the outputs that we would like to have and then the BBC, I would hope, would allocate the resources to meet those requirements.

Q138 **Mr Baron:** It's more than hope, Mr Deane. What you are suggesting here is not just hope and a wing and a prayer. You decide what those outcomes or output should be and the understanding is that the finances will follow from the BBC regardless.

Robert Deane: As the BBC sees fit, yes.

Q139 **Chair:** Who is BBC Monitoring more important to in relative terms—the Government or the BBC?

Robert Deane: I would imagine the answer in the past was always us. Now, I suspect, it is changing, as they integrate with BBC news desk, but I would not want to give you a clear answer to that. I am not the BBC. I would imagine the relative importance to other bits of the BBC is increasing.

Q140 **Chair:** What do you understand stood behind the 2010 public expenditure settlement? What was implicit in that arrangement between the Foreign Office and the BBC and the Treasury?

Robert Deane: The Foreign Office hadn't been funding the BBC monitoring service directly before 2010. We funded the BBC monitoring service up until 2005 and at that point funding was transferred to the Cabinet Office.

Q141 **Chair:** Became trilateral in effect?

Robert Deane: Yes, and managed through the Cabinet Office.

Q142 **Chair:** But the movement of funding from the Government to the BBC paralleled the movement of funding of the BBC World Service from the Foreign Office to the BBC.

Robert Deane: That is correct, and I believe the Welsh language service as well.

Q143 **Chair:** What do you think the purpose of that was?

Robert Deane: The purpose? It is all tied up in a rather complicated spending settlement in 2010. There were a number of moving parts, but I would imagine that part of the motivation was to drive efficiencies in the BBC.

Q144 **Chair:** I think a purpose was for the Foreign Office to make an apparent cut to its budget that was consistent with other Government Departments while the actual cut was made to the BBC by the BBC being required to do more with the same amount of licence fee payers' money. That is what was going on, wasn't it?

Robert Deane: I didn't run those negotiations. I was not involved in the negotiations leading up to the spending round settlement, but there were



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a number of moving parts and a number of additional bids for resource. It was a very complicated process.

Q145 **Chair:** And the implicit duty on the BBC as part of that was that they were taking the actual cut and being expected to find cuts to the overall BBC funding. This was a rather neat way of protecting the Foreign Office from the full force of being an unprotected Department with a very small budget in a time of austerity, so it could at least look as though the Foreign Office had done its bit, while the actual cut to the Foreign Office was in the order of 10% rather than the 25% it would have been had it had to take the full force of being an unprotected Department.

Robert Deane: As I say, I was not party to those negotiations, and neither was my department or my predecessors, but there were a number of moving parts in those negotiations—

Q146 **Chair:** But there is nothing in what I am putting to you that you would say is actually wrong.

Robert Deane: What I would say is that it was a very complex negotiation with a number of moving parts and I think how they all balanced out in the end would be difficult to quantify.

Q147 **Chair:** But there is nothing that you would choose to challenge in the terms in which I am presenting the public expenditure settlement of 2010?

Robert Deane: I would simply say that I think it was a very complicated negotiation.

Q148 **Chair:** You have told us that you have set up an open source unit inside the FCO.

Robert Deane: We have, yes.

Q149 **Chair:** Why can't you get that service from BBC Monitoring? Why didn't you set it up with BBC Monitoring?

Robert Deane: It is an in-house unit designed to serve Foreign Office desks in a number of different aspects.

Q150 **Chair:** That is what BBC Monitoring is for, is it not?

Robert Deane: Well, no. This is more targeted support for particular purposes. For example, if one were looking at the international impact of a conference we have had or a high-level visit or so on, we would use some of the tools in house, which this unit will provide, for our desk officers to measure the impact of that.

Q151 **Chair:** Surely you ought to be in a place to be able to ask BBC Monitoring. They presumably have the technical capability, if they were to respond to a request from you to target exactly, for example, "What has been the response in Egypt to the visit of Minister Ellwood?" if that was the question you were asking. They would be able to do that for you, wouldn't they? They would have the technical capability. You are



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choosing to reinvent that inside the Foreign Office.

Robert Deane: I do not think we are reinventing it. The service is different and the unit is structured to provide different services from those that BBC Monitoring provide. It is looking at bringing together open source material with diplomatic reporting and intelligence material, combining it and looking at how the different sources of information reinforce each other, for example.

Q152 **Chair:** What changes have the intelligence services made parallel to the open source unit that you have set up, that you are aware of?

Robert Deane: I am not aware of the specific changes that the agencies have made. I am sure they are making similar arrangements but I am not aware of the details.

Q153 **Chair:** The Ministry of Defence?

Robert Deane: Again, I imagine they are doing similar things but I am not aware of the details.

Q154 **Chair:** Finally, I want to explore the relationship with, first of all, the United States. Open Source Enterprise sits within the—is it the CIA or the national intelligence agency?

Robert Deane: It is funded by the US Federal Government. I think it is closely associated with the CIA.

Q155 **Chair:** But it does the same job as BBC Monitoring.

Robert Deane: Similar, yes, and its coverage is broader.

Q156 **Chair:** And we have a working relationship with them about who covers what in the world, so we are not duplicating.

Robert Deane: Yes, exactly.

Q157 **Chair:** What is going to happen to that relationship when they are kicked out of Caversham Park and our output is cut from £13.2 million to £9.4 million and the staff is reduced by 20%-plus?

Robert Deane: I think there is a small number of OSE people in Caversham Park. I am not clear on the number. I think it is about 70, but I do not want to be quoted on that. It is a small proportion of their total staffing.

Q158 **Chair:** Presumably we have access to the whole of their output, not just the 70 who are in Caversham.

Robert Deane: Exactly, that is correct. Our interest—the Foreign Office has been very clear about this during the process of the negotiations over the BBC charter renewal and the relationship with BBCM—is to preserve that relationship with OSE. A very important part of the benefits we receive from having BBC Monitoring is the bilateral exchange of information we get from the Americans.

Q159 **Chair:** Are you confident that that is going to continue?

Robert Deane: Yes, I think I am confident that that is going to continue. I understand that if BBC Monitoring moves out of Caversham, so will OSE. The Cabinet Office are talking on our behalf with OSE and, I believe, helping them to find alternative accommodation elsewhere. We are confident that the relationship will be maintained.

Q160 **Chair:** Have we done any thinking about broadening the scope of the monitoring operation of open sources with other allies, such as the other members of the Five Eyes relationship so we can burden-share it more effectively?

Robert Deane: Yes. There is burden sharing with the Americans, who take a very large share of the burden, and us. The Australians have a similar organisation that covers essentially south-east Asia.

Q161 **Chair:** Do we have a relationship with them?

Robert Deane: We do, yes.

Q162 **Chair:** That is between BBC Monitoring and an equivalent Australian organisation, is it?

Robert Deane: I am not sure of the exact relationship between BBC Monitoring and the Australian open source centre, but certainly through the Cabinet Office we have a relationship with the Australians and have access to their material.

Q163 **Chair:** Canada?

Robert Deane: Canada, I believe, isn't a big player in this space.

Q164 **Chair:** Do they buy the service from somewhere? How do their diplomatic service, military and intelligence agencies acquire open source information?

Robert Deane: I don't know. I'm not familiar with how they gather open source information.

Q165 **Chair:** Shouldn't we understand what our closest allies are doing in this area and be looking to work with them so that, as we have to reduce our footprint through these efficiencies, we can find a way of making up for our lack of coverage?

Robert Deane: As I said, we work very closely with the Americans and the Australians, who are the bigger players in this space. There are discussions with the Canadians, but I'm not familiar with how the Canadians meet this requirement.

Chair: Thank you very much, Mr Deane. I think I have exhausted my questions, unless there are any others from my colleagues. Thank you very much for making yourself available to the Committee. I am very grateful to get someone representing Her Majesty's Government in front of the Committee.