House of Commons
Foreign Affairs Committee

The future operations of BBC Monitoring

Fifth Report of Session 2016–17

Report, together with formal minutes relating to the report

Ordered by the House of Commons
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The Foreign Affairs Committee

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Contacts

All correspondence should be addressed to the Clerk of the Foreign Affairs Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6105; the Committee’s email address is fac@parliament.uk.
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Summary

BBC Monitoring translates and analyses news and information from freely available media sources in 100 different languages and covering 150 countries around the world. Its output, which consists of both verbatim translations and analytic or thematic briefings, feeds into BBC news services and is available to the UK Government and others. Its work is highly valued by Government.

Because of a shortfall of £4 million in funding for BBC Monitoring, the BBC plans to restructure it. Roles would change, 98 posts would be lost, and BBC Monitoring would relocate from Caversham Park, near Reading, to London. The proposed cuts are substantial and would change the organisation radically. They involve some justifiable attempts at rationalisation and are accompanied by welcome technological investment; but we conclude that BBC Monitoring’s capability would nonetheless diminish.

The Foreign and Commonwealth Office needs to be the eyes and ears of the UK abroad, picking up signals and undercurrents which help to indicate where the tide is flowing, spotting where threats to the UK’s security and other interests may surface, and helping to form policy on how the UK should handle those threats. BBC Monitoring is one of its key sources of information. Given the increase in social media output, the Government is in greater need than ever of an extensive and well-resourced monitoring service. We do not believe that a reduction in BBC Monitoring’s capability would help the FCO to improve its track record and we do not believe that it would be in the interests of the UK Government.

The Government is the prime customer for open-source monitoring output, and until 2013 the Government provided most of the funding for BBC Monitoring. Under a deal between the Government and the BBC at the time of the 2010 Spending Review, the Government passed that responsibility on to the BBC, and we believe that was a mistake. The motivation for the transfer was presentational, with predictable—and predicted—substantial consequences. The taxpayer is the main beneficiary of BBC Monitoring’s work, not the licence fee payer; and logically the taxpayer should fund it. There is no good reason why the Government should expect to have the benefit of a product which is key to policy-making without providing funding for it. Other countries with similar operations fund them from central government.

The Government should reverse the changes made in 2013 and should restore Government funding for open source monitoring of media sources overseas, whether that is performed by BBC Monitoring or whether the Government does the work itself. Any transfer of the monitoring function from BBC Monitoring to the Government should only take place if it can be achieved without losing the expertise of those currently working for BBC Monitoring.
1 Introduction

1. On 5 July 2016, the BBC announced that it had “outlined plans for an extensive restructure of BBC Monitoring to provide a more responsive service for users in a rapidly changing media landscape, to increase commercial activity, and to meet savings targets.”¹ The restructuring plan is triggered by a £4 million reduction in funding for BBC Monitoring, which is expected to lead to the loss of 98 posts and the eventual relocation of the organisation from Caversham Park, near Reading, to London.

2. The Foreign and Commonwealth Office (FCO), the Ministry of Defence and the intelligence agencies are the main users within Government of the information gathered by BBC Monitoring. Our interest lies in the impact of the BBC’s restructuring plan on the FCO’s capacity to gather the information it needs to inform policy. The Defence Committee is undertaking a parallel inquiry, concentrating upon the implications for the Ministry of Defence.

3. We held a joint oral evidence session with members of the Defence Committee and the Public Administration and Constitutional Affairs Committee on 11 October. The following witnesses gave evidence:

   - Michelle Stanistreet, General Secretary, National Union of Journalists;
   - Francesca Unsworth, Director, BBC World Service Group and Deputy Director of News and Current Affairs, BBC, and Sara Beck, Director, BBC Monitoring; and
   - Robert Deane, Head of Knowledge Management Department, Foreign and Commonwealth Office.

We are grateful to all those who took part.

¹ http://www.bbc.co.uk/mediacentre/latestnews/2016/bbc-outlines-bbc-monitoring-restructure-plans
2 BBC Monitoring: its work, funding and governance

What BBC Monitoring does

4. BBC Monitoring was established in 1939 to listen in on World War II propaganda broadcasts on behalf of the Government. Nowadays BBC Monitoring translates and analyses news and information from freely available media sources in 100 different languages and covering 150 countries around the world, including TV and radio broadcasts, the press and social media. Its output, which consists of both verbatim translations and analytic or thematic briefings, feeds into BBC news services and is available to the UK Government and other public authorities, and to others on a commercial basis.

5. BBC Monitoring has a US counterpart, now under the wing of the CIA and known as Open Source Enterprise, which has a presence alongside BBC Monitoring at its premises at Caversham Park, near Reading. The two organisations have an arrangement by which each covers separate, complementary geographical regions, and the two share information. The FCO told us that the split between BBC Monitoring and Open Source Enterprise output was roughly 25%/75%.

6. BBC Monitoring currently has 320 staff, about half based at Caversham Park and half at offices overseas, including offices in Russia, Ukraine, Georgia, Armenia, Uzbekistan, Kenya, India and Afghanistan. BBC Monitoring will also begin new operations from existing BBC bases in Istanbul and Jerusalem.

Funding

7. Until 2013, the bulk of the funding for BBC Monitoring came from “stakeholders” in Government: the FCO, the Ministry of Defence and the Cabinet Office. Up until 2006/07, these were individual funding streams. We note that in June 2004, the then Permanent Under-Secretary at the Foreign and Commonwealth Office, Sir Michael Jay, wrote to the then Foreign Affairs Committee to say that the Foreign Office contributed £7 million per annum to BBC Monitoring’s funding, which represented 33% of its overall stakeholder funding.

8. In 2006/07 these individual funding streams were consolidated into a ring-fenced grant channelled via the Cabinet Office. That grant appeared in BBC Monitoring Annual Reports as “stakeholder income”: it formed by far the greater part of BBC Monitoring’s income and was complemented by small amounts from commercial sales of BBC
Monitoring products initially created for stakeholders. Other sources of funding included bank interest, income generated from staff (e.g. through the staff restaurant) and income from BBC Monitoring’s US equivalent, then known as Open Source Center. Figures for BBC Monitoring income for years from 2006/07 to 2010/11 are as follows:10

<table>
<thead>
<tr>
<th>£m</th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td>28.3</td>
<td>28.3</td>
<td>28.7</td>
<td>28.9</td>
<td>26.7</td>
</tr>
<tr>
<td>Stakeholder income</td>
<td>24.6</td>
<td>24.6</td>
<td>24.6</td>
<td>25.0</td>
<td>23.5</td>
</tr>
<tr>
<td>Commercial income</td>
<td>1.3</td>
<td>1.3</td>
<td>1.5</td>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Other income</td>
<td>2.4</td>
<td>2.3</td>
<td>2.6</td>
<td>2.4</td>
<td>1.9</td>
</tr>
</tbody>
</table>

9. The element of commercial income has continued to be small and has not met targets in recent years. The Financial Review section of BBC Monitoring’s 2009–10 Annual Report summed up the position on commercial income in this way:

The potential for BBC Monitoring products in the commercial market is not saturated, but there is not a vast untapped market that could be realised through more effective marketing. As a niche service, there is potential for incremental increase in penetration in core markets of ‘need to know’ users in other governments, NGOs and academic bodies, via third-party vendors such as Lexis Nexis and Factiva and in a relatively small number of large companies. However, revenues would likely fall in line with any future reduction in output so reducing the net contribution to BBC Monitoring’s bottom line. If this were to occur beyond a certain position then sales and marketing would be no longer be viable.11

10. As a consequence of the agreement reached between the Government and the BBC at the time of the 2010 Spending Review, responsibility for funding the BBC World Service and BBC Monitoring was transferred from the Government to the BBC. As we noted in our First Report of Session 2015–16, on The FCO and the 2015 Spending Review, the headline figure for the reduction imposed on the Foreign and Commonwealth Office for the four-year period ending in March 2015 was 24%. But once the transfer of funding for the BBC World Service was taken into account, the real savings imposed on the operational part of the FCO were just 10%.12 The motivation for the transfer was largely presentational, to present an apparent cut in public expenditure whilst in reality transferring responsibility for the provision of the services from the taxpayer to the licence fee payer. In the case of BBC Monitoring, the transfer took effect from 1 April 2013.13

10 Source: Annual reports of BBC Monitoring, supplied to the Committee but not published.
11 BBC Monitoring Annual Report 2009–10 (not published)
12 http://www.publications.parliament.uk/pa/cm201516/cmselect/cmfaff/467/46705.htm, paragraph 7
13 http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/about/how_we_govern/agreement_amend_sep11.pdf
11. The BBC supplied the following figures for total annual expenditure for BBC Monitoring in each year from 2006/07 to 2016/17:\textsuperscript{14}

<table>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenditure</td>
<td>29</td>
<td>27</td>
<td>26</td>
<td>26</td>
<td>26</td>
<td>27</td>
<td>24</td>
<td>25</td>
<td>26</td>
<td>27</td>
<td>29</td>
</tr>
</tbody>
</table>

The BBC broke down the £29 million figure for total expenditure in 2016–17 and provided a projection for 2017–18, as follows:\textsuperscript{15}

<table>
<thead>
<tr>
<th>£m</th>
<th>2016–17</th>
<th>2017–18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating costs (staff costs, expenses, travel costs)</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Corporate costs: HR, finance and pensions</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Support for international bureaux, shared across BBC News</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Technology and workplace (IT systems, buildings, satellites)</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Capital spending (principally the change programme, overhauling delivery and production systems)</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>20</td>
</tr>
</tbody>
</table>

12. Operating costs are therefore set to fall from £13 million to £9 million (rounded figures). The BBC, however, initially told us that “alongside a reduction in capital spending following the completion of the change programme below, total operating costs for BBC Monitoring are budgeted to be £20m in 2017/18”\textsuperscript{16}. This statement implied a redefinition of operating costs to include support, capital and other costs which had previously been accounted for separately. We found that redefinition misleading, and in a subsequent written memorandum, the BBC clarified the position by confirming that BBC Monitoring’s “direct” operational budget would fall from £13.5 million to £9.4 million.\textsuperscript{17}

**Governance**

13. While BBC Monitoring received Government funding—before the move to funding from the BBC Licence Fee in 2013—governance at strategic level was carried out through the Stakeholder Board, on which the Cabinet Office and agencies, the Ministry of Defence, the Foreign and Commonwealth Office and the BBC World Service were represented. A Memorandum of Understanding set out agreed requirements and priorities, including a process for commissioning and decommissioning products and services. Priorities were

\textsuperscript{14} See memorandum from the BBC, paragraph 5
\textsuperscript{15} Q 74–5
\textsuperscript{16} See memorandum from the BBC, paragraph 9
\textsuperscript{17} Supplementary memorandum from the BBC
The future operations of BBC Monitoring agreed between stakeholders and BBC Monitoring’s US counterpart, Open Source Center. Operational responsibility lay with the BBC and its Global News Division.

14. The transfer of responsibility for funding BBC Monitoring from the Cabinet Office to the BBC in 2013 was formalised in an Amendment in September 2011 to the 2006 Agreement between the Government and the BBC underlying the BBC Royal Charter. A detailed “Scheme” was drawn up to govern the specification, management, operation and funding of the services to be provided by the BBC. While the Scheme guarantees a level of service from BBC Monitoring, it does not guarantee a defined budget to support that service; that is a matter for the BBC, which retains full editorial and managerial independence.

15. The Scheme requires BBC Monitoring to provide services which demonstrate global coverage, are timely and sufficient in volume, “surgeable”, flexible and confidential. Unpublished annexes to the Scheme define “Core Services” by priority and list countries by priority. The Scheme was signed off by the then Foreign Secretary on behalf of the Government.

16. On 18 October 2016, the House agreed to a new Agreement between the Government and the BBC, to complement the new BBC Charter which will run until 31 December 2027. Paragraph 42 of the new Agreement relates to BBC Monitoring and states that the BBC will be responsible for approving the high-level strategy for BBC Monitoring and for the budget for its core services. The Scheme agreed between the BBC and the Government, which sits below the agreement and which defines the services to be provided by BBC Monitoring (described in paragraphs 14 and 15 above), expires on 31 December 2016. A new Scheme is being negotiated by the Government and the BBC and is expected to be in place for 1 January 2017. The BBC told us that negotiations involve discussion on the “core services” that BBC Monitoring will provide and will cover future requirements, regional priorities and review cycles.

17. The BBC stressed to us that BBC Monitoring had to adapt. A “massive” increase in sources, arising largely from the growth in social media, meant that no amount of resources would allow BBC Monitoring to conduct exhaustive coverage of open-source media around the world: it had to become much more focused.

How BBC Monitoring is changing

18. BBC Monitoring Annual Report 2009/10 (not published)
19. http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/about/how_we_govern/agreement_amend_sep11.pdf, Cm 8170
20. Ms Beck Q 27
21. Defined in the Scheme as “an ability to meet short term surges in demand for monitoring and output against Priority 1 countries, and to use reasonable endeavours to meet such surges against Priority 2 countries”.
23. See memorandum from the BBC, paragraph 19
24. Q 45
25. Ms Unsworth Q 28; also Ms Stanistreet Q 6 and memorandum from the BBC, paragraph 10
would be £13 million. Mr Deane, Head of Knowledge Management at the FCO, told us that a new BBC Monitoring portal would give FCO officials an ability to “interrogate” e-mail alerts from BBC Monitoring and that their ability to use the data would increase significantly as a result of the new technology.

18. The roles of BBC Monitoring staff are also changing. The BBC told us that digital working would be “a driving force to the future success of BBC Monitoring, giving the ability to include data, stills, graphics and video, where relevant, as part of the core offering to consumers”. It sees its staff as “digital journalists” and spoke of the need for them to be “confident and fluent in handling the different formats and platforms” and to be “able to scan and source digital media.”

**Value of BBC Monitoring**

19. No-one, in evidence to us, questioned the value of BBC Monitoring’s work. Michelle Stanistreet, representing the NUJ, argued that it was “more strategically important than ever” given the pace of global developments and widespread instability; and she believed that both the UK and the US found the arrangement by which BBC Monitoring and Open Source Enterprise shared information to be “incredibly valuable”. Mr Deane told us that BBC Monitoring data was particularly important in areas where the FCO was not strongly represented or where its coverage of local media was low: he cited the Middle East, the former Soviet Union and north and east Africa as examples. He understood that BBC Monitoring was similarly important to the Ministry of Defence and the intelligence services. We note that when the Secretary of State for Defence was recently invited to confirm that the service provided by BBC Monitoring to open-source intelligence was of vital interest to the Ministry of Defence, he did so readily and without qualification.

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26 Ms Unsworth Q 28 and Ms Beck Q 63
27 Q 112 and Q 126
28 See memorandum from the BBC, paragraph 15
29 Sara Beck Q 58
30 Q 6
31 Q 4
32 Q 113
33 Q 114–118
34 HC Debates, 12 September 2016, column 598
3 The planned restructure

20. The BBC anticipates a £4 million reduction in funding to meet BBC Monitoring's direct operational costs in the next financial year. It told us that this reflected “a reduction in licence fee funding for BBC Monitoring of £2.5m per annum, plus a residual shortfall in commercial income since the transfer from Government funding”.

The terms of the restructuring plan

21. The BBC’s response to this funding gap has been to draw up a plan for restructuring BBC Monitoring. This is entitled The Future of BBC Monitoring and was issued in July 2016. It proposes that:

- 98 out of 320 posts would be lost, with the majority of the cuts in UK-based teams. The NUJ says that this amounts to 40% of BBC Monitoring’s UK staff and 21% of its employees in offices abroad;

- Multidisciplinary teams, including relevant researchers and analysts, would replace “bespoke areas” working “to one user”, and a central News Desk would replace two “operational hubs”. The NUJ’s memorandum gave us an account of what this means in practice:
  - The Monitoring Research unit, which collates information on countries, governments and political, diplomatic and military figures, will no longer be a separate entity but will be dispersed amongst language teams and to the new News Desk;
  - The Video Unit, which provides the Ministry of Defence with video material of hostilities, weapons, military and strategic infrastructure, and other information of military interest, will be disbanded, and monitors themselves will take on the extra duty of identifying and supplying video material, not just to the Ministry of Defence but to all customers;
  - A team based in London editing material from BBC Monitoring staff in Afghanistan will be abolished and the work transferred to staff based in Afghanistan;
  - The Source Management team, which identifies media sources and their affiliations, and which contributes to decision-making on which media are the most useful to cover, will cease to be a separate entity and will lose half of its operators (three out of six);
  - The Web team, which monitors and analyses extremist content on the internet, will increase in size;
  - There will be reductions in some language teams, which do the actual monitoring of broadcast, print and social media sources. The teams affected

35 See memorandum from the BBC, paragraph 7
36 See memorandum from the NUJ, page 3
37 See memorandum from the BBC, paragraph 11
will be the three which have staff in the UK (in addition to staff overseas): these are the Arabic and Persian teams, which will suffer slight reductions, and the Russian team, which will halve in size;

- Administrative and production support teams and customer liaison teams will be cut; and

- There will be a 20% reduction in headcount at overseas offices, with more use of freelancers.

- BBC Monitoring would move from its current base at Caversham Park (near Reading), which is only partially occupied, to a London base where it could integrate more closely with BBC News. The NUJ warns that BBC Monitoring would inevitably lose more staff who are unwilling to make the move. We note that this would accentuate the loss of experience which will be suffered through other cutbacks.

The BBC pointed out that it might want to go ahead with “quite a lot of the reorganisation” even if there is to be no cut in funding, as it believes that “it suits the modern world.” The NUJ acknowledges that the proposed new structure is simpler and both brings BBC Monitoring’s job titles and descriptions into line with the rest of the BBC and attempts to deal with pay grading issues.

22. The BBC’s proposals need to be seen in context: they are the latest in a succession of cutbacks to BBC Monitoring’s staff and capacity. A briefing by the NUJ in July this year pointed out that there had been a large downsizing at BBC Monitoring in 2004. Core stakeholder funding via the Cabinet Office fell from £24.6 million in 2009/10 to £20.2 million in 2012/13, which led BBC Monitoring to reduce its service and restructure its workforce, with a net loss of 54 jobs. When Peter Horrocks gave evidence to our predecessors in March 2011 in his capacity as Director of the BBC World Service, he was asked how he would characterise the future prospects of BBC Monitoring. He replied: “Within the licence fee, I am sure that the BBC will be supportive of it, but it will be at a deteriorated, lower level of provision than was the case before the recently announced cuts”. BBC Monitoring’s Finance Director noted in his 2010/11 Annual Review that BBC Monitoring had made efficiency savings of 8% per annum since 2000/01 and that funding pressures were “now resulting in cuts to capability”.

What alternatives are there?

23. We asked the BBC what alternatives there were to the proposed restructuring plan. One option would be to “salami-slice” each unit within BBC Monitoring, applying an equal reduction in budgets and resources across the organisation. The BBC rejects that
option: Sara Beck, the Director of BBC Monitoring, told us that it would make the service “untenable”. The BBC had instead chosen to aim for what it saw as a more efficient working structure, with management taking “a bigger hit”.

24. Another option might be to increase income from commercial sales of BBC Monitoring products. That however seems unrealistic, given that a shortfall in commercial income has contributed to the current funding difficulties. Ms Unsworth told us that the BBC Monitoring product was “in a difficult environment in which to fully commercialise”, and we note the statement in the Financial Review section of BBC Monitoring’s 2009–10 Annual Report that “there is not a vast untapped market that could be realised through more effective marketing”. In BBC Monitoring’s 2010–11 Annual Report, the then Finance Director noted that commercial income was “down against original budget and prior year by c. 13%” and that “this was largely due to the UK and global recession: another factor is that as BBC Monitoring reduces its product offer as a result of savings, so there is less to sell commercially”.

25. A third option would be to protect BBC Monitoring from the BBC’s wider savings programme. We are not in a position to assess the scope for retrenchment across different units of the BBC, but we did ask witnesses whether BBC Monitoring was being asked to accept a reduction in funding which was disproportionate. The BBC told us that BBC News would be making £80 million worth of savings over the next four years and that although cuts elsewhere in the organisation had yet to be announced, the reduction in the BBC Monitoring budget would be proportionate to those in other parts of the BBC.

26. A fourth option would be to reinstate Government funding. In discussions with the Government on the BBC’s restructuring plan for BBC Monitoring, the BBC anticipated that the Government might not be happy with what was being proposed, and it asked the Government whether it would once again provide funding for BBC Monitoring. The Government declined to do so. We discuss this option in more detail at paragraphs 34 to 36.

The implications of the restructuring plan

27. A restructuring plan that entailed the loss of 20% of budget and 30% of staff would be traumatic for any organisation. Nearly 100 skilled employees would lose their jobs under the plan, and a wealth of experience would be lost to BBC Monitoring. Michelle Stanistreet, the NUJ General Secretary, told us that because of the scale of the budget cuts, it was hard to think of any structure which would permit BBC Monitoring to carry on doing its work to the same scope and standard.

28. Others took a more optimistic view. Mr Deane, Head of Knowledge Management at the FCO, was satisfied that the FCO’s interests would be safeguarded under the negotiation process led by the Cabinet Office. The BBC accepted that the service would reduce and
that there would be an impact on the breadth of the service which BBC Monitoring could provide in future: for example, there would be less coverage of the southern Caucasus from the Tbilisi office. It maintains, however, that it would be able to provide a core service that would actually meet the needs of its key users and be viable, and would in many ways be better than what has been offered previously.\(^{54}\)

29. We question whether the Government’s needs will indeed be met under the restructuring plan. The FCO should be the eyes and ears of the UK abroad, picking up signals and undercurrents which help to indicate where the tide is flowing; spotting where threats to the UK’s security and other interests may surface; and helping to form policy on how the UK should handle those threats. The FCO’s record in this respect has had its blemishes—most notably recently in interpreting trends in Libya before the intervention by western forces in 2011—and we do not see how a diminution in the capacity of BBC Monitoring, a key source of information, will increase the FCO’s chances of improving its performance.

30. We are not wholly persuaded that BBC Monitoring’s output itself is entirely suited to the Government’s needs. The NUJ cited examples of trivial stories covered by BBC Monitoring’s Twitter and Facebook feeds,\(^{55}\) and it told us that when BBC Monitoring received Government funding, “editors aimed for a balance between the needs of government and other users when they selected material” but that “since 2011, when the transition from grants to the licence fee began, the focus has shifted towards the BBC”.\(^{56}\)

The BBC, however, does not accept that there has been a ‘dumbing-down’ in output and stresses that coverage of geopolitical stories and analysis of news events are still the organisation’s “bread and butter”.\(^{57}\)

31. The NUJ told us that the provision of computer-selected data without human intervention had its limitations, and that if staff numbers were to be cut, BBC Monitoring’s output would “become more of a bulk service that is pumped out to clients, rather than something which is digested with…skill and expertise”.\(^{58}\)

32. The Government itself seems to recognise that it will get a less generous service from BBC Monitoring. It is relying on the new “Scheme”—to be agreed between the Government and the BBC—to safeguard its priorities, but it has accepted the BBC’s restructuring plan despite its implications for breadth of coverage.\(^{59}\) In at least one respect—the work of the video unit—the Government appears to have accepted that BBC Monitoring can no longer provide output as part of the core service, and that the Government will need to pay for this as an additional service in future.\(^{60}\)

33. We also observe that the Government is starting to bring in-house some of the functions that BBC Monitoring had previously performed. The Government is now more interested in a flow of raw data and less analytical material from BBC Monitoring.\(^{61}\) Mr Deane told us that the FCO was investing in additional staff and had set up an open-

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54 Q 23; Q 42 to 46
55 Q 2
56 See memorandum from the NUJ, page 9
57 Q 70–72
58 Ms Stanistreet Q 10
59 Q 39
60 Q 32 and Q 44. See also Q 48 for funding for additional services.
61 Mr Deane Q 127 and Ms Beck Q 83
source unit tasked with improving its analytical capability. He understood that the Ministry of Defence and the intelligence agencies were doing likewise. BBC Monitoring will continue to carry out analytical work, but it seems that this will be on a smaller scale.

**The implications of the shift in funding responsibility**

34. The Government, although it is the prime user of BBC Monitoring’s output, seems remarkably unconcerned about the implications of passing responsibility for funding BBC Monitoring to the BBC in 2013. Mr Deane, Head of Knowledge Management at the FCO, said that the Office had been “content” with the revised funding arrangements when they were agreed. But what may have seemed to be a neat way of reducing Government expenditure at the time of the 2010 Spending Review means that the Government now has less leverage over BBC Monitoring’s activities and priorities. As the Culture, Media and Sport Committee pointed out in its Fourth Report of Session 2010–12, *BBC Licence Fee Settlement and Annual Report*, there is “scope for tension under the new funding arrangements if the Government stakeholders wanted to maintain or expand monitoring services that the BBC judged to be unaffordable.” As we observe above, government departments are now setting up their own open-source monitoring and analysis services, rather than entrusting the work to BBC Monitoring.

35. There is a further, fundamental objection to the funding shift. The taxpayer is the main beneficiary of BBC Monitoring’s work, not the licence fee payer; and logically the taxpayer should fund it. Ms Unsworth doubted that BBC Monitoring would even exist were it not for the Government’s interest in its output. The UK is out of step with other countries that run similar operations; both the US and Australia, for example, fund their open-source overseas monitoring operations from central government funds.

36. We note the view of the NUJ that the Government would be a more stable source of funding for BBC Monitoring than the BBC. That is arguable: the chronicle of funding cuts described in paragraph 22 occurred mainly at a time when BBC Monitoring was under the financial care of the Government. We also note that fears that the BBC would impose budget cuts on the BBC World Service when it inherited funding responsibility from the FCO have so far proved unfounded.

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62 Q 127. The FCO provided further detail in a memorandum.
63 Q 152–3
64 Q 83–88, and Q 101–2. See also supplementary memorandum from the BBC.
65 Q 134
67 See Ms Stanistreet Q 14
68 Q 51
69 Q 52; see also supplementary memorandum from the BBC
70 Q 13
Our conclusions

37. The cuts proposed by the BBC to BBC Monitoring are substantial and would change the organisation radically. They involve some justifiable attempts at rationalisation and are accompanied by welcome technological investment; but we conclude that BBC Monitoring’s capability would nonetheless diminish. We do not believe that that is in the interests of the UK Government.

38. We have seen no evidence of a drop in demand within Government for open-source monitoring. If anything, given the increase in social media output, the Government is in greater need than ever of an extensive and well-resourced monitoring service. The Government is the prime customer, and there is no good reason why it should expect to have the benefit of a product which is key to policy-making without providing funding for it. Other countries with similar operations fund them from central government.

39. It was a mistake to end Government funding for BBC Monitoring. The motivation for this change was presentational, with predictable—and predicted—substantial consequences. The Government should reverse the changes made in 2013 and should restore Government funding for open source monitoring of media sources overseas, whether that is performed by BBC Monitoring or whether the Government does the work itself. Any transfer of the monitoring function from BBC Monitoring to the Government should only take place if it can be achieved without losing the expertise of those currently working for BBC Monitoring.
Formal Minutes

Tuesday 25 October 2016

Members present:

Crispin Blunt, in the Chair

Mr Mark Hendrick
Adam Holloway
Daniel Kawczynski
Nadhim Zahawi

Adam Holloway declared an interest as having been employed in the past on the BBC Panorama programme.

Draft Report (*The future operations of BBC Monitoring*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 39 read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Fifth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That written evidence from the FCO and further written evidence from the BBC be reported to the House for publication on the internet.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 1 November at 2.15 pm]
Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee’s website.

Tuesday 11 October 2016

Michelle Stanistreet, General Secretary, National Union of Journalists

Francesca Unsworth, Director BBC World Service Group and Deputy Director of News and Current Affairs, BBC, and Sara Beck, Director, BBC Monitoring

Robert Deane, Head of Knowledge Management Department, Foreign and Commonwealth Office
Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee’s website.

1. BBC (BBC0001)
2. BBC (BBC0003)
3. Foreign and Commonwealth Office (BBC0004)
4. NUJ (BBC0002)
# List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee’s website.

The reference number of the Government’s response to each Report is printed in brackets after the HC printing number.

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