



House of Commons
Defence Committee

**Open Source Stupidity:
The Threat to the BBC
Monitoring Service:
Responses to the
Committee's Fifth
Report**

**Eighth Special Report of Session
2016–17**

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The Defence Committee

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The current staff of the Committee are James Davies (Clerk), Dr Adam Evans (Second Clerk), John Curtis, Ian Thomson, Eleanor Scarnell, and David Nicholas (Committee Specialists), David Gardner (Senior Committee Assistant), Carolyn Bowes (Committee Assistant).

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Eighth Special Report

On 20 December 2016 the Defence Committee published its Fifth Report of Session 2016–17, [Open Source Stupidity: The Threat to the BBC Monitoring Service](#) (HC 748). The Government’s response was received on 1 February 2017 and the BBC’s response was received on 20 February 2017. The two responses are appended to this report.

Appendix A: Government Response

Introduction

BBC Monitoring (BBCM) are reorganising their operation to ensure that they continue delivering a modern, flexible service. This service is evolving to enable Government and other customers to fully exploit Open Source information. The Government renegotiated the Monitoring Agreement with BBCM in 2016, and discussed specific services and the impact of the proposed changes for customers within Government. The new agreement came into effect on 1 January 2017. Under the new agreement BBCM will need to continue to provide the Government with a high quality service, sourcing and collating information for UK defence and security. We welcome the work of the Committee in considering this issue.

Response to the main conclusions of the report

1. **BBC Monitoring used to be funded through individual contributions from its main departmental stakeholders, which were predominantly the Ministry of Defence, Foreign and Commonwealth Office and the Cabinet Office. In 2006–07, these individual streams of funding were consolidated into a ring-fenced grant administered by the Cabinet Office. That funding was supplemented by commercial sales to non-Government organisations. At the time of the 2010 Comprehensive Spending Review, the Government and the BBC agreed to transfer responsibility for funding from Government to the BBC (in other words from the taxpayer to the licence fee-payer).** (Paragraph 2)

2. **We fully concur with the conclusion of the Foreign Affairs Committee that the Government made a serious mistake when it ceased funding BBC Monitoring to provide it with the vital open source material upon which it relies. The decisions made concerning the funding and governance of BBC Monitoring over the past decade or so have been woefully short-sighted and catastrophically ill thought-out. A service that has the potential to be a vital tool in opening the world to UK diplomacy and business is in grave danger of becoming a hollow shell of its former existence.** (Paragraph 10)

BBC Monitoring is funded from the television licence fee, which is set by the Secretary of State for Culture, Media and Sport under Section 365 of the Communications Act (2003). While the funds for BBCM are not ring-fenced by Government (the BBC being operationally and editorially independent), the new agreement provides Government with better assurance for continuing improvements. When relevant and as outlined in the BBC Framework Agreement the BBC is expected to uphold the same editorial standards for BBC Monitoring as they have for the UK Public Services. Under the new Monitoring

Agreement, Government departments will be able to request “Additional Services” from BBCM which will be funded separately. This provides a mechanism for the Government to meet possible future additional requirements. We are confident that the Committee also recognizes that Government¹ funding for all services, is continually subject to review and dependent on Government priorities at any given time.

Responses to recommendations and conclusions:

3. The rarity of the product and the prestige of its customers underline the value of the service provided by BBC Monitoring. The world is becoming increasingly connected and information now travels at a speed never before known. It is important that the UK Government ensures that it has access to this information when planning to respond to crises abroad, whether it is political, military, humanitarian or medical. The service provided by BBC Monitoring is vital to that understanding. (Paragraph 23)

4. We are deeply concerned that the proposed changes will have a deleterious impact on the provision of information to the Government, and, in particular to the MoD. These changes, combined with additional budget cuts, run the risk of seriously undermining the range and quality of the service provided to the MoD and other Government departments. (Paragraph 46)

BBCM outputs are important and valuable – and should be accessible together with all the other sources of information that Government relies upon. The BBCM reorganisation and modernisation programme is in part designed to improve the speed and flexibility of product delivery. In particular Government welcomes the BBCM reorganisation to ensure that it modernises and provides a quality service. The new BBCM Portal is a good example of how the service to Government is changing as it delivers timely product to mobiles, tablets, and desktop computers.

In terms of BBCM reporting, topics of relevance to MOD (military, maritime, peacekeeping, international politics, proliferation, and terrorism) made up some 58% of BBCM output in 2016. Defence has not noticed any diminution or change in service as a result of changes being made by BBCM, and remain content with the service provided.

The quality of the BBCM service, and its editorial independence, is underpinned by the BBC’s Framework Agreement. The relevance and range of BBCM outputs is maintained by a formal process; the Government now includes BBCM strategic prioritisation in its wider annual Requirements and Priorities process for other forms of information (such as secret intelligence). Ensuring access to BBCM outputs across Government is also the responsibility of Government itself – to ensure Government IT systems and processes maximise the use of BBCM product.

5. (BBCM) Individuals told us that they were no longer able to undertake the in-depth work on the Russian military that they could have done in previous years. As an example, we were told that they would no longer be able to undertake the level of detailed coverage previously provided on the so-called unassuming, unaffiliated soldiers who appeared in Crimea prior to the annexation of the region in 2014. Keir Giles also highlighted the reduction in capability and asserted that BBC Monitoring was no longer able to monitor the main Defence news agency (Interfax AVN) and

¹ It should be noted that the previous arrangements did not guarantee a ring fenced amount for the service.

the Russian Ministry of Defence television station (Zvezda) but was instead tasked to report globally on reactions to Bob Dylan being awarded the Nobel Prize. When we met the monitors on the Russia desk in Caversham, they were working on a story about Steven Seagal being given Russian citizenship. On the basis of such examples, which can be multiplied, it seems that the popularisation—if not infantilisation—of BBC Monitoring is well underway. (Paragraph 29)

Coverage of the Russian media remains important for the Government. In 2016 the BBCM Portal issued 23,800 news reports with Russia as a subject country. In contrast there were only 19 reports mentioning Bob Dylan: most of these were reports of summaries of various news channels in Russia, Pakistan etc. Similarly there were only 16 Reports mentioning Steven Seagal getting Russian or Serbian citizenship. A considerable amount of the Government's requirements for in depth work on the Russian military is provided via the Portal where reports sourced from Zvezda are available – including detailed summaries of Zvezda's weekly "I Serve Russia" programme, and videos of military significance. In total, during 2016 BBCM issued 102 reports from Zvezda and 144 from Interfax AVN. This reporting is now available to all Government staff using the Portal.

6. Such a reliance on staff abroad is a matter of concern, particularly when those staff are based in countries which are considered to be unstable or hostile. It is very unwise for a Monitoring Service to become over-dependent on overseas staff who are vulnerable to pressure. Keir Giles told us that us that the Moscow team, for example, operated only with the "indulgence of the Russian state authorities, which can be withdrawn at any time". He argued that this left "coverage of Russia hostage to good relations with Russia, which are not looking promising at the moment". (Paragraph 41)

Having staff based abroad is one of the key strengths of BBCM; in-region expertise allows for recruiting staff with a wider set of language skills, and draws on staff embedded in the local culture, rather than relying on émigré or non-mother tongue linguists in UK.

Reporting on Russia is not dependent on the Moscow-based BBCM staff alone; resilience and back-up reporting on Russia is available from Kiev, Tbilisi and Tashkent – as described by the BBC.² Likewise Defence is not solely reliant on the BBCM single source but rather sees it as part of a complementary process.

7. We note that Francesca Unsworth and Sara Beck were concerned about any public reference to the work that BBC Monitoring does—and has always done—in supplying open source information to UK intelligence agencies. There is nothing secret or clandestine about such work and the way in which it is carried out. It is a measure of how vulnerable the BBC has made the Monitoring Service, by over-reliance on overseas staff, that such hyper-sensitivity is considered appropriate by its own management. (Paragraph 43)

Although BBCM staff's work is not secret or clandestine, the BBC has a duty of care to their staff whether they are in the UK or overseas.

8. When we questioned Sir Alan Duncan MP, Minister of State, and Robert Deane, Head of Knowledge Management, Foreign and Commonwealth Office about the proposed restructuring, they indicated they were unconcerned by the reduction in

2 Oral Evidence 22 Nov 2016, Sara Beck, Q87

staff, the increased reliance on staff abroad, and by the closure of the Video Unit. Furthermore, Mr Deane told us that the MoD was “content” with the new arrangements, and the Minister appeared confident that the Government would receive the same level of service as before. In support of his position, the Minister told us that service levels were underpinned by the commitments contained in the BBC Charter: This is a contract that will have quite serious and detailed performance obligations in it. Mr Deane also highlighted the fact that the new agreement between BBC Monitoring and the Government would allow for Government departments to commission extra services from BBC Monitoring at additional cost. (Paragraph 44)

The Government recognises that the staffing changes will involve disruption but we understand that they are part of a wider change programme by BBCM. This allows BBCM to adjust to technological changes in the media environment which Government welcomes because it will enable BBCM to handle increased volumes of data more efficiently as noted in our evidence.³ We believe the new Monitoring Agreement will ensure that the Government’s requirements are met as explained above.

9. We believe that it would be preferable for BBC Monitoring to remain under the aegis of the BBC. However, if the Corporation is determined to reduce the funding of BBC Monitoring and its expertise—to the detriment of the service provided—the Government must reconstitute the organisation as a state-owned Open Source Information Agency. Only this would end the prospect of fatally damaging a service whose work for Government departments and agencies appears to sit uneasily with the prevailing ethos and philosophy of the BBC. (Paragraph 47)

The Government does not envisage the circumstances that would necessitate the creation of a Government funded Open Source Information Agency (OSIA) instead of BBCM. The removal of the monitoring function from BBC, by creating a Governmental OSIA, would be a retrograde step, damaging the BBC (which makes use of BBCM), the service received by Government (as it would no longer be able to leverage BBC’s global footprint and expertise); and potentially damaging for BBCM staff in UK and overseas (many of whom may not wish, or be able, to work for Government); and would likely cost more overall. Government does not support the Committee’s proposal to close down BBCM and replace it with an OSIA.

10. We welcome the Government’s acknowledgement that Departments will be able to purchase additional services if they feel that they are necessary. We recommend that the Government therefore assign specific funding for the continued survival of the Video Unit which is deemed to be a vital part of the product for the MoD, but which the BBC intends to close on financial grounds and because it is of interest only to the MoD. (Paragraph 48)

Government supports BBCM’s adaptation to reflect the changing nature of world media. There are now better ways to collect and source this material. The BBCM change programme is improving and modernising the way in which digital content is identified, selected and reported. While BBCM’s video output will continue, it will in future come from multiple sources (e.g. Youtube), in a range of formats and captured by staff in a variety of roles. Closing the Video Unit will not result in the cessation of digital products.

3 Oral evidence, 22 Nov 2016, Sir Alan Duncan, Q188.

The Government does not see the need to provide additional funding for a service that is already funded. The digital product is not only valued by the MOD, but also by other departments who will use the service.

11. One impact of the move to London would be to break the geographical link with OSE (which is co-located with BBC Monitoring at Caversham Park). Future relations would be reliant on electronic communication, such as video conferencing. Sara Beck sought to reassure us that this would not be to the detriment of the relationship: The contact at Caversham Park is limited, and we are dealing with OSE around the world on a daily basis. Whether we are located in the same office in the UK is actually less significant. (Paragraph 51)

The US Open Source Enterprise (OSE) is headquartered in the USA, with regional offices across the globe. BBCM is headquartered in the UK, also with regional offices across the globe. Caversham Park is only one of OSE's regional offices and is co-located with BBCM's HQ. The strong, strategic relationship and cooperation between OSE and BBCM is long-established and mutually supportive. The OSE presence at Caversham Park is not critical for that relationship. OSE, as a branch of the US Government, also has relationships with the UK Government. The proposed relocations will also create new opportunities for BBCM to work with BBC News journalists; and for the OSE to work with the UK Government. While physical proximity is beneficial, all distributed organisations in the modern world (including BBC, OSE, MOD, FCO and others) make great use of video conferencing to keep in touch – as BBCM does daily with its own regional network.

12. We do not agree with the decision to move BBC Monitoring out of Caversham Park with the resultant ending of its co-location with Open Source Enterprise (OSE). We believe that sends entirely the wrong signal to the United States at a time when the incoming US administration has voiced its concerns about the levels of burden-sharing between the US and its allies in the fields of security and defence. (Paragraph 59)

The decision to move BBCM out of the Caversham Park office will not have any detrimental impact on the levels of burden sharing with OSE, which is aware of the wider plans for this change programme. Under the new Monitoring Agreement the burden-sharing and priority setting process for setting BBCM and OSE strategic coverage plans, is now more closely aligned with the UK Government's wider Requirements and Priorities process for intelligence. For example, in support of that process in 2017, OSE, BBCM and the Government have jointly drawn up a grid of open source coverage priorities across the full range of topics of interest to Government,⁴ against countries and regions.

13. There is a clear risk that the changes to the structure, funding and location of BBC Monitoring will have a negative impact on its relationship with the OSE. If the BBC Monitoring product no longer meets the standards of quality and quantity required by the OSE, it may seriously undermine the Government's knowledge and understanding of political activity and events abroad, given that OSE covers 75% of the globe and currently trades its product freely with BBC Monitoring which covers the remaining 25%. (Paragraph 60)

4 Using the 2015 SDSR as the basis for this

As noted above BBCM remains a valued partner for OSE. Like BBCM, the OSE is itself having to adapt, change and develop. Technical changes, and improved data sharing, are complex issues; OSE, BBCM and Government are approaching these changes collaboratively.

14. We believe that the move from Caversham Park to Central London brings with it the risk of an unacceptable loss of specialist monitoring staff. This, in turn, will force an unacceptable reduction in the scale and footprint of the operation which currently works well in a bespoke environment. (Paragraph 65)

15. We were particularly unimpressed by the inability of the BBC to give any detail on its proposals to house BBC Monitoring in New Broadcasting House, which suggests that the planned changes are ill thought-through and designed in accordance with a predetermined agenda. It is simply not good enough for the Government to shelter behind the contractual undertakings given by the BBC, whilst closing its eyes to the dire consequences of what is proposed. (Paragraph 66)

Overall, the office location and personnel management are issues for the BBC. The relocation is some time off, and will be managed by the BBC; the agreement also provides reassurance of the service provided to Government. We do not believe that the office move of 95 BBCM staff in the years ahead will have a major impact on BBCM outputs.

16. Given that the Government gifted the necessary funds to the BBC to buy Caversham Park as the home for BBC Monitoring, it follows that, if the BBC no longer requires Caversham Park to house the monitoring operation, the land and building must be returned to the Government. There should be no question of disposing of this major asset until the issues of ownership and any attendant covenants are resolved. We recommend that the NAO examine the original grant-in-aid provided by the Government and whether the sale of Caversham Park best secures value for money for the UK taxpayer. No matter who is the current owner of the building, the Government (and the taxpayer) should benefit from the sale. We recommend that no action must be taken by the BBC to dispose of this valuable asset until these facts are clearly established. (Paragraph 68)

The on-going resourcing of BBCM is not dependent on the proceeds of any sale of Caversham Park. The sale of Caversham Park, and the legal issues relating to the ownership, sale and residual interests in the asset are separate to the Monitoring Agreement and service received. The NAO may carry out examinations into the economy, efficiency and effectiveness with which the BBC has used its resources in discharging its functions (i.e. value for money reports). However, it is up to the Comptroller and Auditor General to decide which VFM examinations to carry out.

17. We further recommend that the Government should obtain and publish a legal opinion on the ownership of the building and, if necessary, issue a legal challenge against the BBC to stop it from profiting from the sale of land and buildings in effect purchased by the taxpayer and passed to the BBC for the purpose of foreign broadcast monitoring. (Paragraph 69)

The BBC have informed the Government that their lawyers have carried out a check of Land Registry records and established that the BBC are the owners of Caversham Park.

Appendix B: BBC Response

The following represents the BBC's observations on the Committee's report, rather than a direct response. This is in line with the BBC's Charter which clearly states that the BBC *'must be independent in all matters concerning the fulfilment of its Mission and the promotion of the Public Purposes, particularly as regards editorial and creative decisions, the times and manner in which its output and services are supplied, and in the management of its affairs.'*

Service provision and operation

The BBC is pleased that the Committee recognises the value of the service provided by BBC Monitoring (BBCM). However, as set out in its response to the Foreign Affairs Committee, the BBC does not agree with the assertion that the planned changes to BBCM will have a harmful impact on the provision of the service it provides to the Government. The much needed change programme has enabled digital improvements and better ways of working including offering a more responsive, flexible service which can adjust to the changing priorities of Government departments. It has introduced a more efficient operating model for the new teams equipped with the relevant skills to follow and draw meaning from today's media. BBCM is also engaged in innovation projects to make sure it is ahead of applicable developments in technology.

Standing still was not an option – in order to ensure the future success of the organisation, there was a clear need to address the dynamic global media environment and the explosion of sources which has altered the scale and scope of the monitoring function. The Government agrees that it will receive the service it requires under the new arrangements and its interests will be well served, as set out in its response to the Foreign Affairs Committee report.

The BBC welcomes the Committee's support for BBCM to remain part of the BBC as the preferred option. The BBC has invested substantially in BBCM's change programme which was designed to build a sustainable future for BBC Monitoring and ensure the service remains relevant and accessible. The BBC does not believe this will lead to the service being 'fatally damaged'.

The savings target for BBC Monitoring reflects the reduction in Licence Fee funding - BBCM has not been treated differently to other areas of the BBC, it must take its fair share of cuts. The BBC does not support the idea that the organisation should be reconstituted as a state-owned Open Source Information Agency. BBC Monitoring's distance from Government provides independence of content, which is appreciated by its users and the service it provides to BBC news outlets is highly valued. The BBC does not believe that setting up a separate agency would provide value for money for taxpayers as the benefits of shared resources and technical innovations across the wider BBC would be lost.

The BBC believes that the reference to 'hypersensitivity' is not an accurate reflection of the issue raised with members of the committee about the framing of the wider discussion of the future of BBCM. In expressing concern about references to national security and intelligence gathering when describing the activities of Monitoring staff, BBC management's primary consideration was the safety of its staff in UK and international offices.

Caversham Park

The relocation of BBC Monitoring teams in the UK to central London is a matter for the BBC and is being considered as a separate, longer term BBC-wide issue. BBCM staff were informed of this intention because it was an important element in the decision which individuals took when considering voluntary redundancy.

Whilst the BBC welcomes the Committee's support for the facilities and organisation of BBCM at Caversham Park, the BBC does not believe the building offers licence fee payers value for money. It is a big and expensive site to run, BBC Monitoring occupies a small proportion of the building which was not designed to house a modern news operation. Moving to central London and being co-located with other BBC staff will provide a number of benefits including economies from shared accommodation and support service costs and the advantages of working in a modern, purpose built work place better aligned to production and publishing systems used across BBC News.

A good proportion of UK based staff have indicated that they want to be part of the new structure and have already transferred into new roles, a decision they have made with the knowledge of the move in the future. The BBC does not believe the move will impact on the expertise provided by BBCM. The BBC will work to maintain, and improve, the high standards of journalism associated with the Monitoring service.

As can be seen from the Land Registry records, the BBC owns Caversham Park. The transfer of BBCM to the Licence Fee meant the BBC taking on all the assets and liabilities of BBCM including the upkeep of the Grade II listed building.

Relationship with Open Source Enterprise (OSE)

BBCM shared its restructuring plans with OSE who understood and respected the need for the organisation to modernise and achieve best value for money. BBCM is working closely with them as each stage of the current changes is introduced. OSE are also keen to benefit from the focus BBCM is putting on new technology and innovation. A joint group has been established to share work which will ensure BBCM is better aligned to the priorities and needs of OSE.

The relationship with OSE involves contact with different departments of a global organisation, many of which are not based in the UK, so there is already a well-established system of keeping in touch from a distance in place. BBCM does not believe the relationship with OSE will be jeopardised. BBCM management attended a meeting in the USA in November 2016 where they were given the support of OSE senior management for their continued collaboration.