



Der 'Public Value Test'

Das britisches Modell

18 September 2009



Getting the best out of the BBC for licence fee payers

BBC | Trust

The BBC Trust

The Public Value Test

Our learnings

The BBC Trust is a new body

- BBC Trust replaced the Board of Governors in January 2007
- It is part of the BBC but works independently and is supported by its own staff



The Trust has a clear role and duties

Role

- Independent from BBC management
- Guardian of the licence fee
- Promotion of the public purposes

“The Trust must represent the interests of licence fee payers”

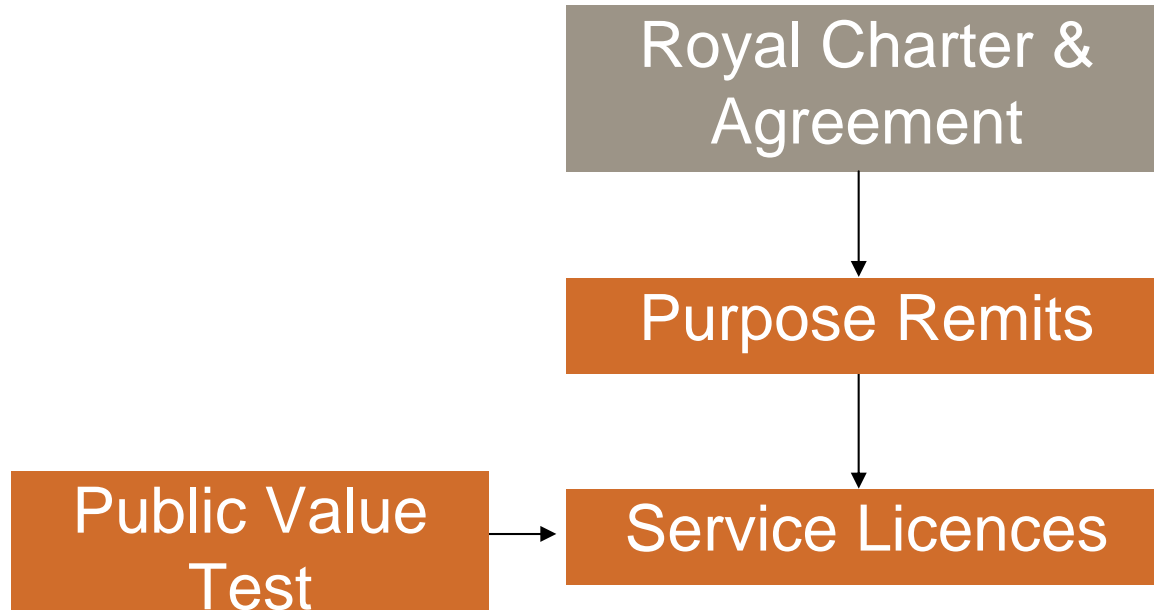
BBC Royal Charter

Duties

- Approving new services and changes to services
- Representing the licence fee payer
- Being open and transparent
- Taking account of competitive impact

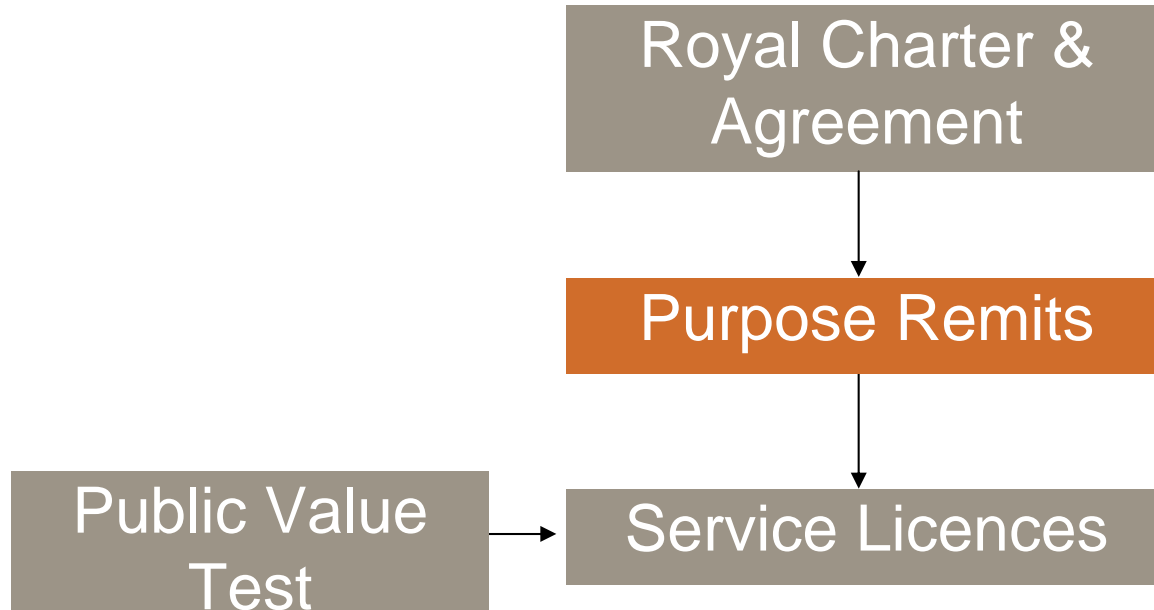


The Trust was given new tools to govern the BBC





The Trust was given new tools to govern the BBC



The primary aim of the BBC is to build “public value”, by promoting its public purposes BBC | Trust

The BBC's Six Public Purposes

Citizenship &
civil Society

Culture &
creativity

Nations, regions
& communities

Education
& learning

World to UK/
UK to world

Digital switchover and emerging technologies

“A public service mandate...
... ensuring the fulfilment of
the democratic, social and
cultural needs of the society”

European Commission communication on
State Aid rules, November 2008

The BBC uses a performance framework based on four “drivers” of public value

The BBC’s Six Public Purposes

Citizenship & civil Society

Culture & creativity

Nations, regions & communities

Education & learning

World to UK/
UK to world

Digital switchover and emerging technologies

Reach

Quality

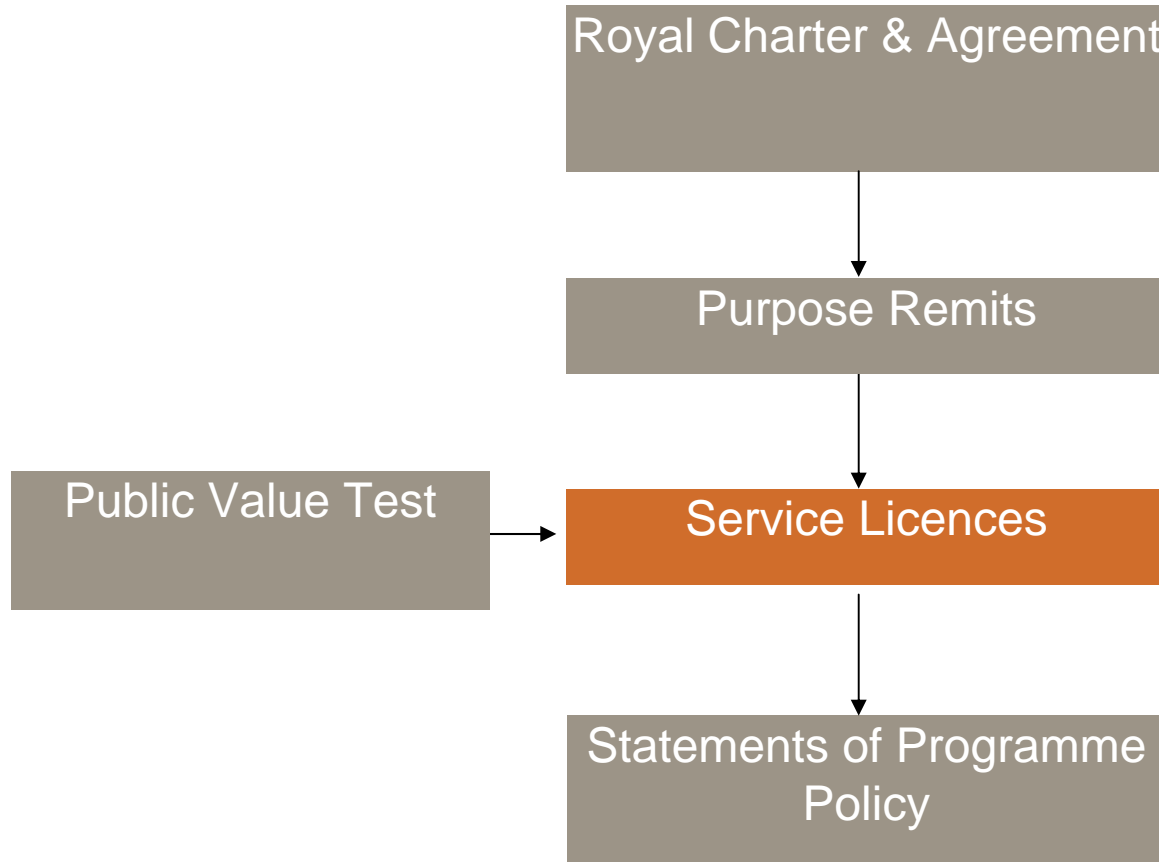
Impact

VfM

“RQIV” – the drivers of public value



Service Licences are important to the PVT process

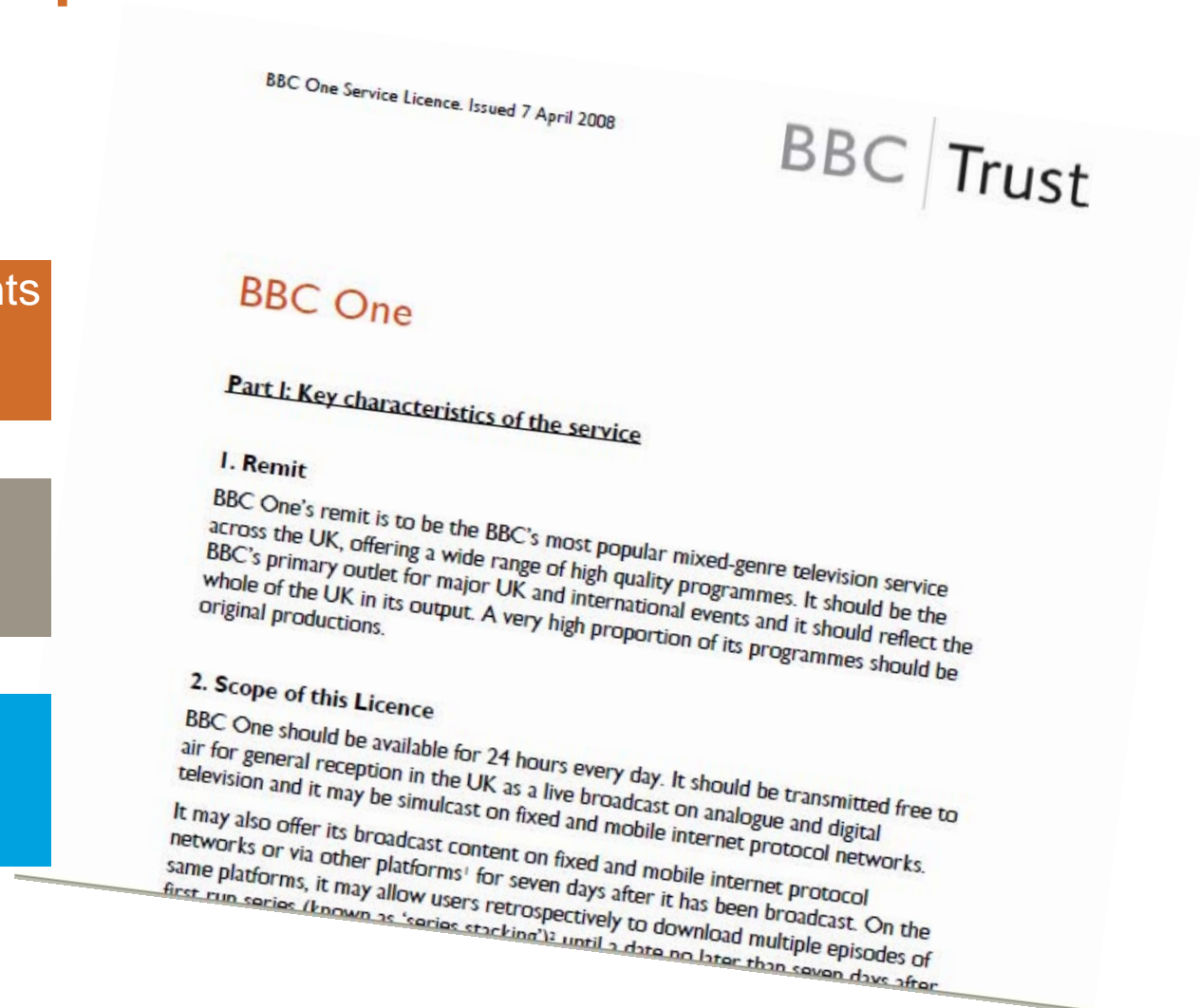


Service Licences ensure that each service delivers public value

They set out commitments relating to the public purposes

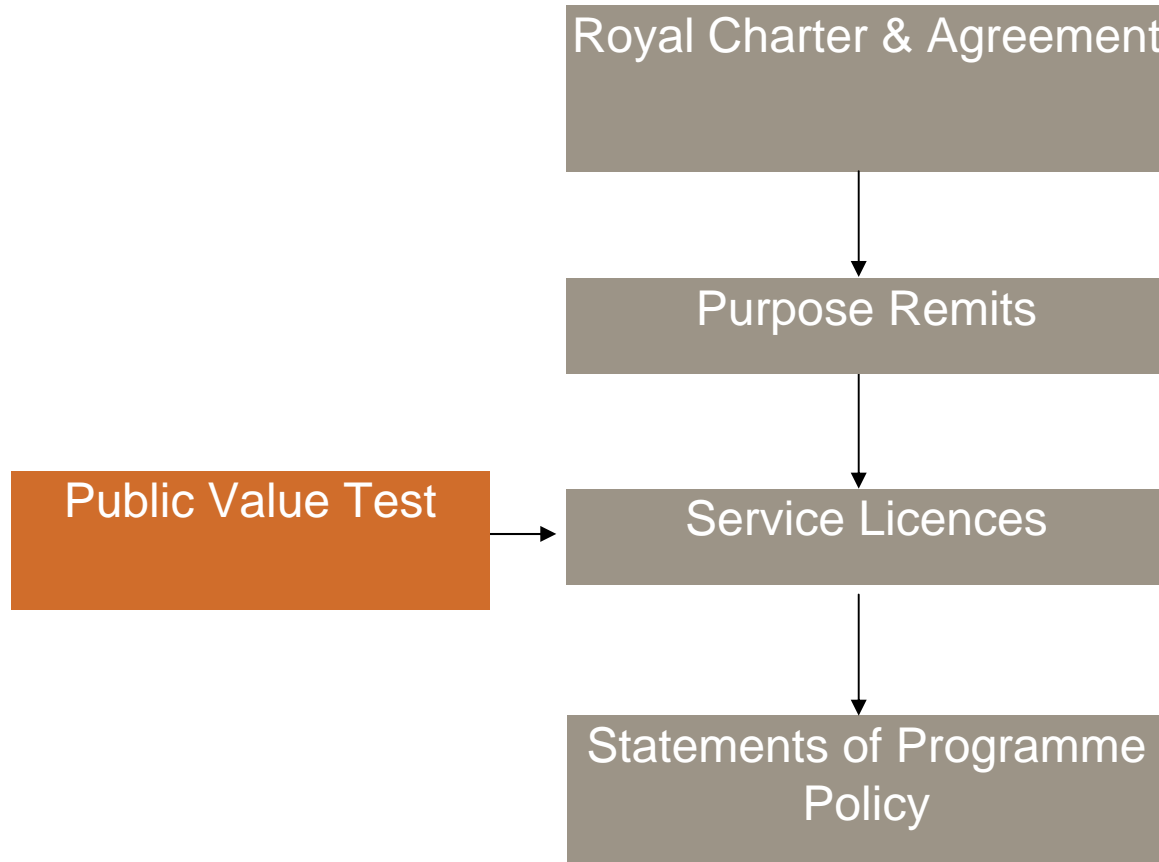
Set out a performance framework

Improve the BBC's openness and accountability





Service Licences are important to the PVT process



The PVT is used to approve new services or changes to existing services

New public service or big change to existing service



Public value test (PVT)

Other public activities (non-services)



Approval, taking account of public value and effect on market

BBC commercial activities



Approval using four criteria set out in Charter

The Charter sets out criteria for deciding to run a PVT

- Whether a proposal meets the criterion of 'significance' is a matter of judgment
- In exercising that judgment the Trust must have regard to four factors:
 - Impact – on users and on market
 - Size of investment
 - Novelty – is it a new activity?
 - Duration – is it permanent?

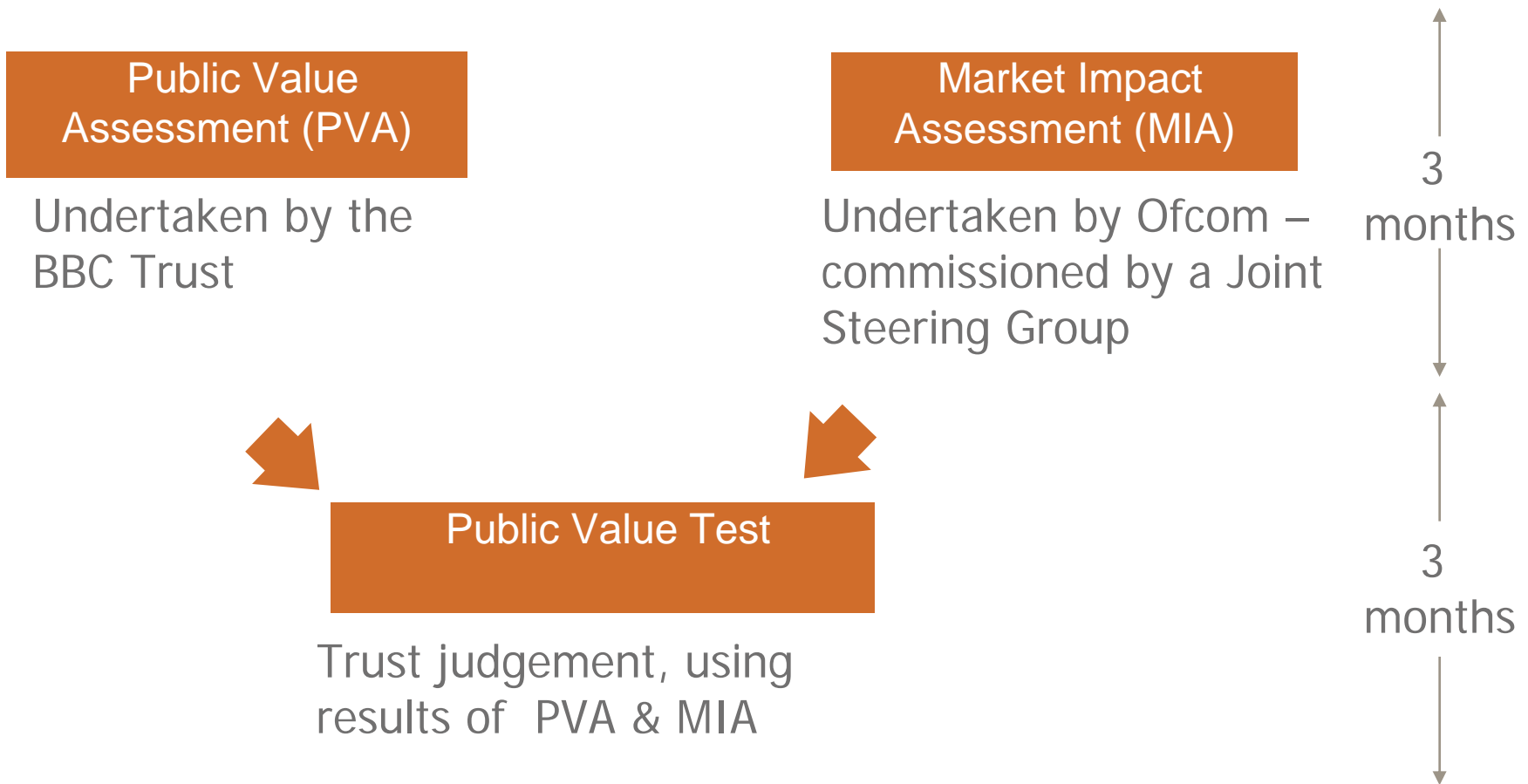
The BBC Trust

The Public Value Test

Our learnings



The Public Value Test is complex but effective



How does BBC management apply for a PVT?

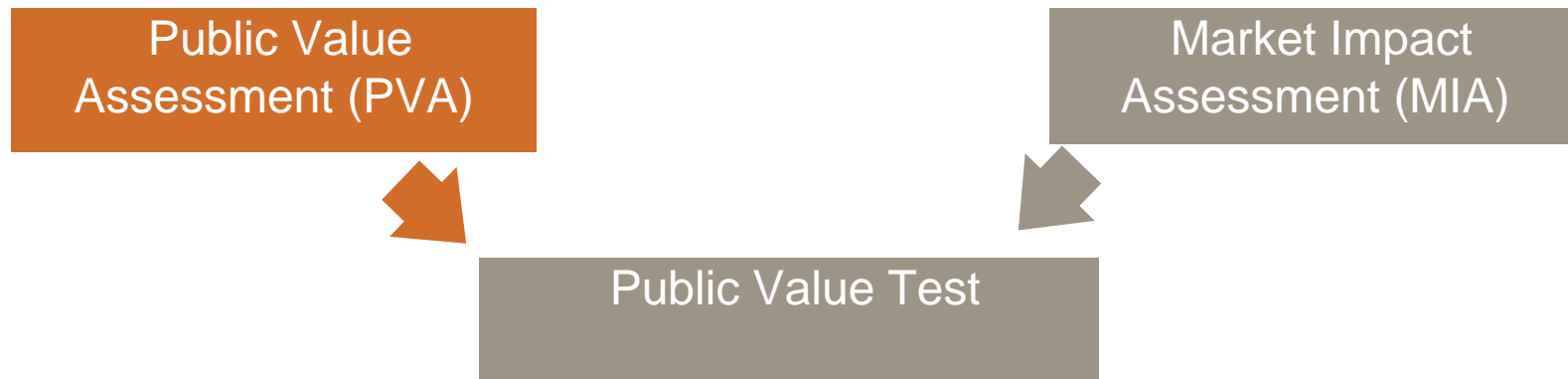
- A PVT is run in response to an application from BBC management
- The Trust is advised on the progress of all potential applications
- Prior to submitting a proposal, the Executive will supply:
 - Service proposal
 - Research terms of reference
- These documents are shared with the Trust and Ofcom for consideration
- Then the Executive gathers necessary evidence in support of its proposal

- The Executive Board must approve all proposals before they are submitted to the Trust
- Each proposal includes:
 - Detailed description of proposed change
 - Likely scale and budget
- On receipt of a proposal, a service description is produced by the Trust and Ofcom, with support from the Executive
- It serves as a basis for the assessment

- If a proposal is significant, the Trust applies a PVT and publicly announces the launch of the assessment
- This marks the start of the first consultation period
- At this stage, the Trust publishes as much relevant information about the proposal as possible, including:
 - Management's application
 - Service description
- It also outlines the proposed timetable for completion of the process. This can change

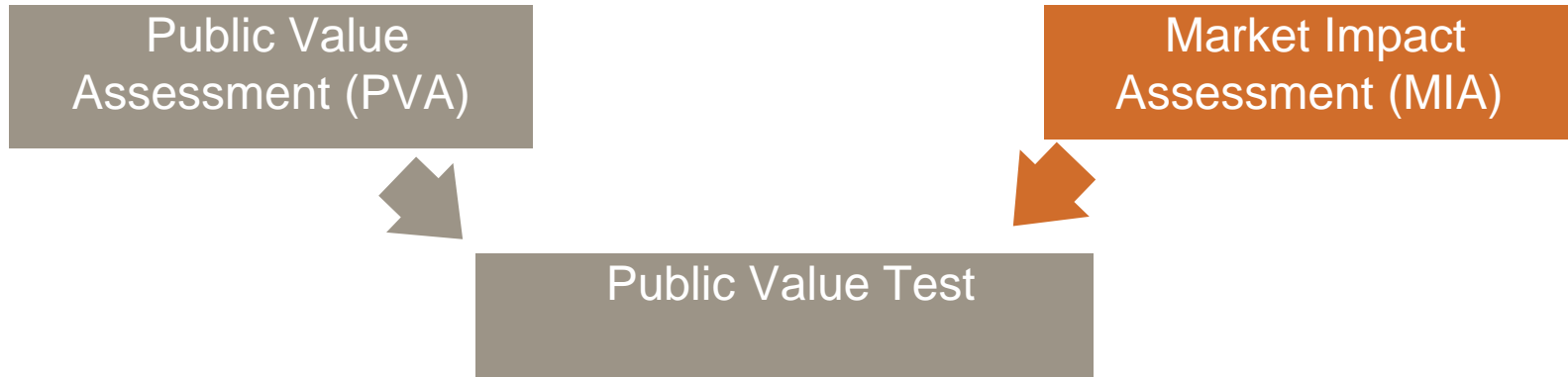


The Trust's Public Value Assessment is complex and qualitative



- Trust Unit undertakes PVA with support of any specialist advice or research
- PVA comprises assessment against public purposes and RQIV:
- Not all elements are numeric

Ofcom runs a Market Impact Assessment in parallel with the PVA



- Ofcom normally holds a public consultation for 21 days
- Competition based – looks at effects on the operation of the wider market and the effects on consumers
- Considers both the direct impact on consumers and producers of other services, and the likely impact on competition and market development, which will affect consumer and citizen interests in the longer term.
- Market impact can be positive



- In deciding whether to approve the proposal, the Trust must satisfy itself that any negative impact on the market will be justified by the public value
- The Trust will also consider competition law (including EU state aid law)



The Trust makes a final decision

- The Trust publishes PVA, MIA and provisional conclusions
- It publishes amendments to service licences or a new draft service licence
- The Trust consults publicly on its provisional conclusions
- Following consultation, the Trust will reach its final decision to either approve, reject or approve with conditions/amendments
- Any proposal for a new service is subject to a procedural veto by the government

The BBC Trust

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Our learnings

The Trust has run 4 PVTs

On-demand TV and radio (iPlayer)

approved in Apr 2007

HD TV channel

approved in Nov 2007

BBC Alba (Gaelic language TV)

approved in Jan 08

Online local video sites

rejected in Feb 09

Case study: Local video PVT

- In June 2008, the Trust began a PVT on local video
- Proposal was for a new tier of local video news-gathering in 60 areas across the UK
- 400 staff & >E20m/year
- Designed to serve all audiences with focus on under 45 year olds – who consume less radio and TV news. This would maintain overall usage of BBC local news



Local video: PVA findings

Reach

- People would prefer local TV
- Not everyone has broadband internet
- Use of local news online is likely to be among those already using BBC news on radio & TV

Quality

- BBC would offer good quality service

Impact

- BBC offer not truly local
- Users want entertainment, etc which the BBC would not offer
- Other media providers already offer local news

VfM

- BBC income is limited
- Value for money not certain

- The service would deliver low to medium level of public value
- The proposal would increase usage of BBC regional news but not by much
- Limited reach to key audience groups – including those aged under 45 in lower income groups

- Commercial prospects uncertain – newspaper groups in particular facing cyclical and structural pressures
- Local video expected to have negative market impact
- Current economic downturn likely to exacerbate this
- Ofcom did not suggest anything that could offset negative impact of BBC proposal

- Trust decided that public value could be achieved by better use of BBC TV and radio services
- Trust recognised negative market impact that could be caused at a time when commercial operators face major pressures
- Conclusion: the likely public value generated by the proposal did not outweigh the potential negative impact on the market
- The Trust's provisional decision was to reject the proposal
- This was published for consultation and final decision announced in Feb 2009

How well is it working?

- Process has worked v well and helped build trust in BBC decisions
- No legal challenge yet to a PVT decision
- Key factors in building trust:
 - transparency – publishing all evidence
 - giving people chance to comment. (Hard within timeframe to get everyone involved)

What have we learned?

- Process is challenging – eg. 6 month time limit. But forces decision. Other complex approvals take longer
- Application stage is very important opportunity to assess proposal strategically. For BBC Local video proposal, PVA and MIA were less important than simple strategic questioning