THE BRITISH PUBLIC VALUE TEST: STRUCTURE AND IMPLEMENTATION

Dr. Maria Michalis
m.michalis@westminster.ac.uk

‘Exporting the PVT: Assessing EU member states’ evaluation of public broadcasters’ new media services’

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Outline

- Introduction
- Public Value Test
  - Public Value Assessment
  - Market Impact Assessment
- Implementation
  - 4 PVTs
  - PVT light
- Concluding remarks
PVT - Introduction

- Introduced: January 2007 (new Charter)
- For new or substantially amended existing services
- Elements:
  1) Public value assessment – BBC Trust
  2) Market Impact Assessment (MIA) – Ofcom
    - Final judgement: BBC Trust
- Conducted over 6 months – public consultation – transparent process
Summary of the PVT process

- BBC Management submit formal application (plus supporting evidence)
- BBC Trust considers if PVT should be applied
  - Public Value Assessment (BBC Trust)
  - Market Impact Assessment (Ofcom)
    - Public Representations
  - 3 months
    - Public Value Test (BBC Trust)
  - Trust consults on preliminary conclusions (normally 28 days)
- Final decision

6 months

Source: BBC, Feb 2010: 66 (fig 5.5)
PVA: The BBC’s public purposes

1. Sustaining citizenship and civil society
2. Promoting education and learning
3. Stimulating creativity and cultural excellence
4. Representing the UK’s nations, regions and communities
5. Bringing the world to the UK and the UK to the world

6. Helping to deliver digital Britain

BBC, Aug 2007: 13 (Diagram 2)
Drivers of Public Value (RQIV)

- Reach
- Quality & distinctiveness
- Impact
- Cost & value for money
PVT considerations

Public Value Test (PVT)

Public Value Assessment (PVA)
- Fit with Purposes
- Quality & Distinctiveness
- Impact
- Reach
- Cost and VFM

Market Impact Assessment (MIA)
- Agreed methodology
- Competition based
- Economic effects

BBC, Aug 2007: 18 (Diagram 4)
1) New on-demand services

- **Proposal**
  - Make available on the internet on demand all BBC linear programming for up to 3 months

- **Pioneering service**
  - Dynamic market impact

- **Took 8 months**
  - Concerns about transparency and effectiveness

- **Submissions**
  - 6 (industry) increased to 10,608 (mostly individuals) during second round
On-demand services (cont’d)

- High public value but concerns about market impact, e.g.
  - Market for CDs/DVDs
  - Commercial radio sector

- April 2007: Approved with conditions, e.g.
  - Storage window reduced from the 13w to 30d
  - Book readings & classical music: excluded from audio downloads
  - Platform neutrality
  - Other: parental controls, syndication, limits on ‘series stacking’, rejection of third party access to iPlayer
2) HDTV service

- Proposal (BBC HD):
  - HD TV mixed-genre channel on all major TV platforms. Aim: 9h (interim: 4h on DTT)
- Submissions: 921 (911 from public)
- PVT: High public value (esp. digital purpose) - minimal adverse market impact
- November 2007: approved with conditions
  - (Mixed-genre offering)
  - Immediate launch on all platforms, except Freeview (DTT)
  - IPTV providers and over the internet: subject to technical feasibility, capacity constraints and value for money
3) Gaelic Digital Service

- Proposal (BBC Alba):
  - Digital TV channel in Gaelic language in Scotland (with the Gaelic Media Service)

- Submissions:
  - 156 (135: individuals) up to 284 (249: individuals)

- PV assessment: Educational strategy?

- MIA: Positive

- January 2008:
  - Approved immediate launch on satellite, cable, radio and online, but not Freeview (DTT)
4) Local Video News Service

- **Proposal:**
  - Creation of local video reporting to be shown on 65 dedicated web pages
  - Aim: reverse decline in regional news & generate new audiences for BBC

- **Consultation:** extended from 28 to 46 days
  - 157 responses (26 from industry)

- **MIA:**
  - Considerable adverse market impact, esp. on local newspapers, long-term
  - (Strong opposition from commercial producers, esp. local newspapers)

- **PVT:** Potential to create some public value but not efficient use of licence fee

- **February 2009:** REJECTED
PVT light

- = BBC internal PVT
- ‘Non-service’ approvals
  - a service that doesn’t commission its own content
- Examples:
  - Freesat
  - Canvas
  - Mobile apps – on hold
Concluding remarks

- PVT: Strategic decision making tool
- PVA:
  - Evidence-based public value approach
- MIA:
  - Rigorous economic test (cf. Germany)
- BBC regulation: more economic
- But greater transparency, public engagement and accountability
Concluding remarks (cont’d)

- Has PVT constrained remit?
  - Disciplining PSB (Freedman 2008)

- PVTs:
  - Few tests so far (cf. Germany)
  - Pragmatic (Humphreys 2010)
  - Not rubber-stamping
  - Support BBC’s new media activism (3/4: approved)

- Future (UK): uncertain
Tensions & Challenges

- **PVTs:**
  - Time-consuming
  - Resource-heavy
  - Regulation may become process driven
  - Innovation may be delayed
  - Definition of ‘new’ services/ markets?
  - Don’t necessarily make regulation ‘objective’ or less controversial

- Need for public value methodologies
Thank you!

Dr. Maria Michalis
University of Westminster
m.michalis@westminster.ac.uk