

# THE BRITISH PUBLIC VALUE TEST: STRUCTURE AND IMPLEMENTATION

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broadcasters' new media services'*

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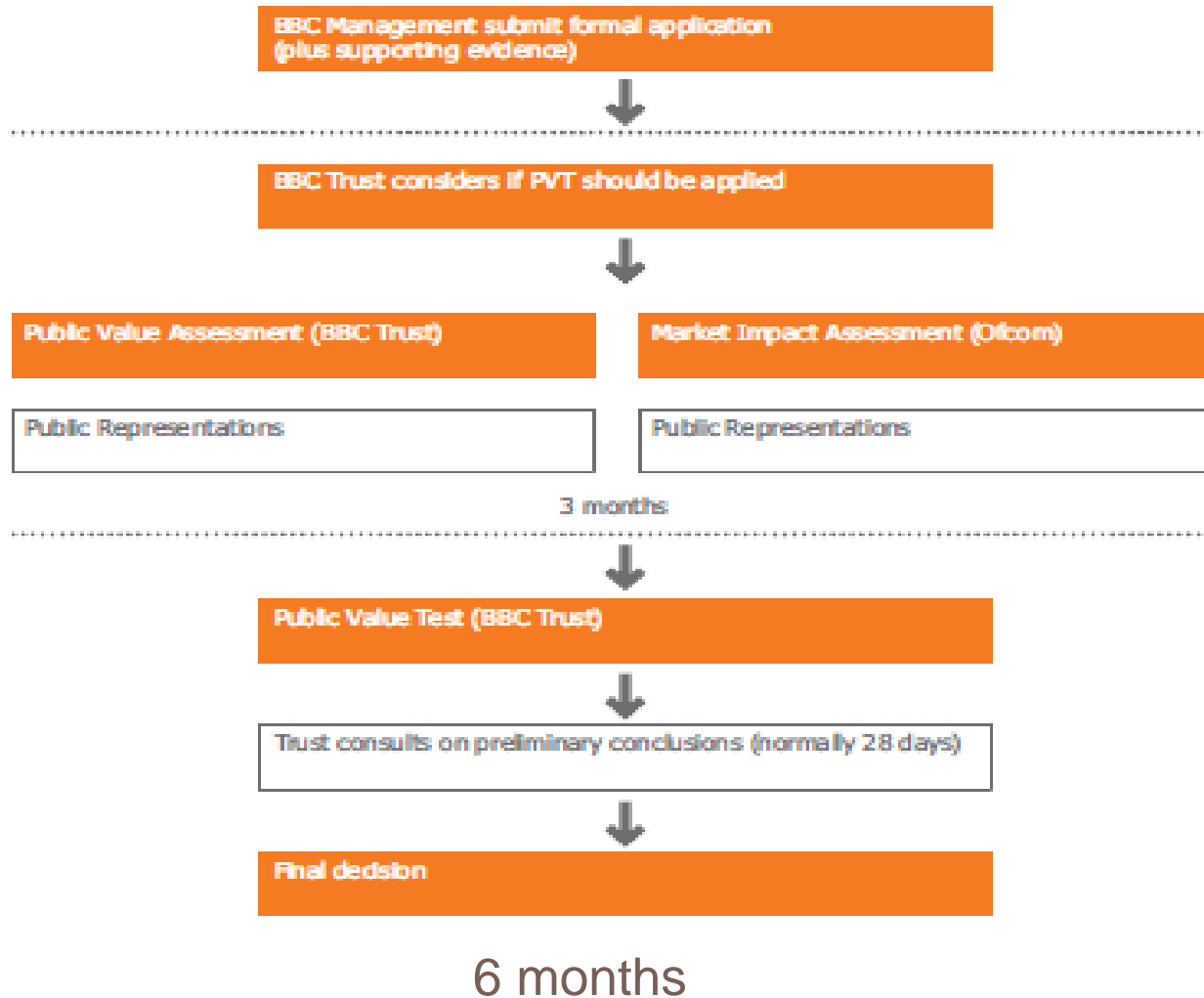
# Outline

- 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



Source: BBC, Feb 2010: 66 (fig 5.5)

# PVA: The BBC's public purposes



# Drivers of Public Value (RQIV)

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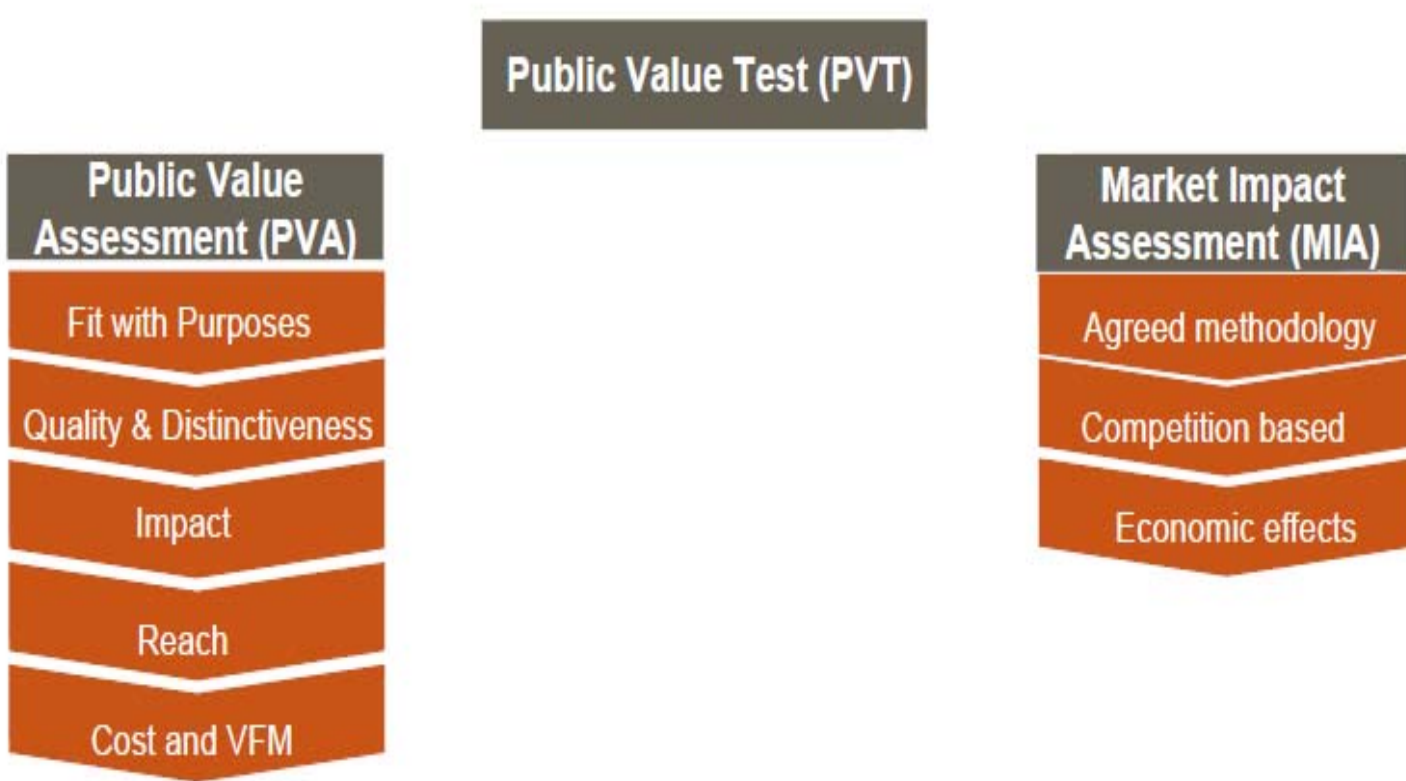
**Reach**

**Quality &  
distinctiveness**

**Impact**

**Cost & value  
for money**

# PVT considerations



# 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!*

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