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### **The BBC and Public Value**

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## **BBC and Public Value**

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### **Abstract**

The paper identifies the roots of ‘public value’ management in the work of the American scholar Mark Moore, describes its mediation to the UK by Kelly and Muers, Hewison and Holden and others and its adoption by the BBC as a regulatory as well as a management doctrine. The author proposes that the BBC’s adoption of public value doctrine responds to critique of the BBC’s divergence from public service principles in its broadcasting practice and to the challenges of the contemporaneous review of the BBC’s Charter. The paper describes the Work Foundation’s public value model of authorisation, creation and measurement of public value and its application to the BBC. It evaluates the concepts of co-production and contestation (derived from Mark Moore) and reach, impact, quality and value for money (the four public value ‘drivers’ adopted by the BBC) and considers Hirschman’s ‘exit, voice and loyalty’ model of institutional responsiveness to users and the applicability of the concepts ‘consumer’, ‘citizen’ and ‘social capital’ to the BBC’s public value doctrine and practice. The paper concludes that the Moorean core concepts ‘co-production’ and ‘contestation’ are of limited applicability to the BBC and that the BBC’s distinctive status and scale may limit the relevance of its pathbreaking implementation of public value management to other parts of the UK’s public cultural sector.

### **Keywords.**

BBC, public value, co-production, contestation, UK public cultural sector, Work Foundation, Hirschman, four drivers – reach, impact, quality, value for money.

## **The BBC and Public Value**

### **What is ‘public value’?**

It [the BBC] must apply the test of public value to everything it does - its services, its commercial activities, its scope and scale.

(BBC 2004: 5)

Public value is a notion of public management first formulated and then successfully mobilized by the US scholar and Harvard management theorist Mark Moore. In brief, Moore proposed (Moore 1995) that public value is both a **practice** whereby providers work with users to produce outcomes that genuinely meet users’ needs and an **aspiration** to go beyond ‘hitting the target but missing the point’ and so re-orientate public bodies to ‘ends’ (such as ‘health’) rather than to ‘means’ (so many ‘Consultant Episodes’ completed for so much committed in resources). Two of the chief intermediaries who have ‘translated’ Moore’s public value theory into UK practice, Robert Hewison and John Holden, in their commentary on UK cultural funding by the Heritage Lottery Fund, capture this discontent when they give voice to:

misgivings about the effect the preoccupation with data collection has had on cultural organisations. Most importantly, accounting for culture solely on the basis of its impacts and outcomes fails to capture the full story of why culture is publicly funded

(Hewison and Holden 2004: 23)<sup>1</sup>.

The impact of Moore’s notion of public value in the UK was amplified by Gavin Kelly and Stephen Muers’ (2002) paper for the Cabinet Office ‘Creating Public Value’<sup>2</sup> which emphasized two practices, co-production (involvement of users) and contestation (competition) as the **means** through which public value can be realized.

Moore’s public value management was formulated in reaction to new public management (NPM)<sup>3</sup> theory. By re-orienting public bodies to the doctrines and practices of the private sector, NPM sought to address endemic public sector problems of what Denhardt and Denhardt (2000) called ‘old public administration’, notably the ‘capture’ of public sector bodies by those who worked in and controlled them and the lack of responsiveness to users of bodies governed by upwardly accountable ‘command and control’ governance. NPM was meant to remedy inefficiency and lack of responsiveness to users but, for its critics, wrenched public bodies into a ‘privatized’ (even if not actually privately owned) stance and constructed downward accountability as a simple purchaser/provider relationship between unequals. Whereas public value based public management re-orientates public sector bodies towards best serving the public best (Bozeman 2000: 2)

Public value, with its ethos of co-production – that is partnership between users and providers, potentially combines downward accountability to users, but to users as citizens rather than as subjects or consumers. It aspires to reassert the public in organisations which had, under NPM, become excessively privatised. Public value rejects NPM’s attempt to quantify the unquantifiable. Instead of NPM’s numbers of arrests, public value informed policing would provide security. Instead of numbers of patients processed, public value informed medicine would engender health. Instead of ratings, public value informed broadcasting would foster cultured and knowledgeable viewers and listeners. Instead of using market mechanisms and price, it would redress conventionally defined market failures and focus on providing the

goods and services which cannot satisfactorily be priced and which **should** not be provided through price and market regimes.

Public value theory is also a messianic slogan and rallying cry for reinvigoration of the public sector. Under the banner of public value, institutions can renew themselves, and mobilize those who work within them, to respond to the public, involve the public and serve the public's (or publics') needs and aspirations rather than institutional and personal interest. And public value management constitutes a distinct kind of institutional governance. Rather than being a form of command and control, hierarchical, governance or market, purchase and exchange, governance public value is a form of network governance. That is of self-organising, collaborative governance, or what Mark Moore calls 'co-production' (Moore 1995: 117–8), in which users and providers collaborate and co-operate to make public institutions work. Public value is a doctrine which orients those delivering services towards collaboration and co-production between service providers and users. And, because they co-produce, users have an active, productive and constitutive, role as **citizens** in public service production and delivery instead of their time-honoured roles as either **recipients** of command and control public service provision or as **consumers** of NPM marketized services.

Public value<sup>1</sup> therefore reflects both a negative – a general disenchantment with both markets and hierarchy and a positive - public demand for involvement in and democratic control of public services, whilst also maintaining the contestability central to NPM. A “hard” characterisation of public value theory might describe it as NPM plus co-production. A “soft” version would refer to the importance of what Davies (2005: 130) called the elements which “cannot so easily be valued, or even sensibly be valued at all” and which may be under-represented and thus under-provided in NPM type public service delivery. Hewison and Holden gave a fuller account of this sort of public value and defined it thus:

Public Value is the value added by government and the public sector in its widest sense. It is the difference between what citizens give to and what they receive from public bodies. Citizens recognize value when they give up something in return for it, rather than merely saying that they are prepared to give something up. In the case of heritage, on the input side of this equation are such things as direct financial contributions, including buying tickets and making donations, as well as a willingness to see tax revenues spent on supporting the sector

(Hewison and Holden 2004: 28–29)

### **The BBC and Public Value**

The BBC's publication of 'Building Public Value' (BBC 2004) marked the BBC as the leading proponent of public value management in the UK cultural sector (and perhaps the UK public sector as a whole). Its adoption of five outward looking public purposes<sup>4</sup>, that is serving **citizenship and civil society, promoting education and learning, stimulating**

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<sup>1</sup> The term “public value” has a loose and inclusive character, as has the related term “public good” which is sometimes used synonymously with public value. “Public good” can mean either (or both) a generalised something which is good for the public or a very particular kind of economic good – one which is non-rival and non-excludable. Classic examples of economic public goods include parks, defence and policing, street lighting and broadcasting. When economic activity is co-ordinated through markets, public goods in the economic sense tend to be undersupplied because individuals have strong incentives to “free ride” on others' provision. Accordingly, provision of public goods is customarily seen as the role of the public sector because public authorities can compel all to contribute to their provision and prevent any from free riding. However, public value provision and production (co-production) of public goods is normatively characterised by user involvement and decision making rather than passive reception.

**creativity and cultural excellence, reflecting the UK, its Nations, regions and communities and bringing the world to the UK and the UK to the world**, and the embedding of four ‘drivers’ **reach, quality, impact and value for money** in BBC operating procedure reflect its embrace of public value doctrine. The BBC’s distinctive definition of public value, the five purposes and four drivers differering from Moore’s (and Kelly and Muers’) emphasis on co-production and contestation reflects the unique character of the BBC and the BBC’s distinctive contemporary position.

Moore’s canonical articulation of public value doctrine, which foregrounds the values of ‘co-production and contestation’, poorly matches the BBC’s status and circumstances<sup>5</sup>. Classic one to many free to air broadcasting, of the kind offered by the BBC, makes co-production intrinsically difficult. Not only is there no face to face contact between users and supplier but the independence at the heart of the BBC’s public service broadcasting vocation and mandate weighs strongly against the collaboration in governance intrinsic to co-production. As for contestation, the ‘standard defence’ (Graham 1999) of public service broadcasting and the BBC rests on the argument that competition, that is contestation, cannot thrive in the irremediably imperfect broadcasting market. Why then has the BBC taken the lead in developing and implementing public value doctrines in the UK public sector?

The answer to this conundrum lies in the distinctive twist given to public value doctrines in the governance and management of the UK public cultural sector. In this context, public value has come to signify a general orientation to the user and use of output oriented management information and policy evaluation indices rather than the contestation and co-production which Moore (and Kelly and Muers) put at the centre of their “classic” version of public value doctrine. This output and user orientation is well exemplified in the four ‘drivers’ which the BBC has chosen to govern its practice: **reach, impact, quality and value for money**, all of which are referenced against user needs and interests.

Gavyn Davies, formerly Chairman of the BBC’s Governors, in his essay ‘The BBC and Public Value’, argued that ‘the core case for the BBC should rest not on money and markets but on culture and citizenship’ and that ‘the concept of public value should lie at the heart of the BBC’s Charter bid’ (Davies 2005: 129). The BBC’s public value doctrine was first published in “Building Public Value” (BBC 2004 which Simon Milner, when BBC Secretary, described (interview 28.7.2004) as the BBC’s “manifesto” for Charter renewal in 2006. This distinctive BBC definition of public value has evolved out of the unique character of the BBC and its distinctive contemporary position. The BBC’s articulation of its version of public value doctrine and practice, notably in ‘Building Public Value’, coincided with the latest of the regular reviews of BBC purpose and practice which accompany the periodic renewals of the BBC’s Royal Charter. Charter review, and with the backwash from the Hutton Report of 2004 (which led to Davies’ resignation as Chairman of the Governors), has occasioned a Government proposal (one which appears to enjoy strong support from the BBC’s management and Governors) for change to the BBC’s governance and regulation. Instead of the BBC’s Board of Governors there is to be a BBC Trust with both governance and regulatory responsibilities. And the nascent Trust has both embraced and advocated a public value ethos and will implement public value centred regulatory and governance instruments, notably a Public Value Test and a series of Service Licences, in order to exercise its oversight over the BBC’s management and output. A version of Moore’s doctrine thus seems likely to suffice the BBC’s organisation and practice for the foreseeable future.

### **Mark Moore**

In his 1995 book ‘Creating Public Value’, Mark Moore ‘badged’ a novel public management strategy with the title ‘public value’. Moore placed himself within what he calls a ‘new tradition’ (Moore 1995: 316) of public entrepreneurship rather than traditional public management (which, for him, is ‘downward’ rather than ‘outward’ oriented [Moore 1995:

17]). ‘Creating Public Value’ follows the Harvard practice of case based analysis (referring to library, housing and police departments etc) and emphasized the importance of evidence based (rather than theoretical) analysis. It had an explicitly pragmatic purpose: ‘to lay out a structure of practical reasoning to guide managers of public enterprises’ (Moore 1995: 1). Subsequent UK work on public value, notably Kelly and Muers’ 2002 *Creating Public Value. An Analytical Framework for Public Service Reform* written for the Cabinet Office built on Moore’s work.

Moore identifies what’s acknowledged to be a problem endemic to public management: objectives and performance indices are hard to specify. He writes ‘in the public sector the overall aim of managerial work seems less clear; what managers need to do is produce value far more ambiguous; and how to measure whether value has been created far more difficult’ (Moore 1995: 28). However, unlike NPM which ‘solved’ this problem by bringing public sector organisations closer to the operational practices of the private sector, Moore insists on the irreducible difference between public and private sectors: ‘the aim of managerial work in the public sector is to create *public* value just as the aim of managerial work in the private sector is to create *private* National Consumer Council value’ (Moore 1995: 28).

But what is public value? For Moore:

Public managers create public value. The problem is that they cannot know for sure what that is. Even if they could be sure today, they would have to doubt tomorrow, for by then the political aspirations and public needs that give point to their efforts might well have changed

(Moore, 1995: 57).

Here lies the importance of Moore’s case studies: they show public value to be more than, and different from, the realisation of easily quantifiable outputs, (such as the number of houses built or the number of convictions achieved). Moore’s accounts of the Boston Housing Authority’s delivery of public value by transforming ‘desperate individuals’ to a ‘functioning competent community’ (Moore 1995: 222) and the Houston Police Department’s ‘production of community order’ (Moore 1995: 222) flesh out the concept. He emphasizes the ‘co-production’ of outcomes achieved by public managers and public authorities working together with their clients. Indeed the essence of co-production, and successful creation of public value, is dissolution of the boundaries between client and provider which thereby augments the legitimacy of the organisations in question by strengthening their accountability to those whom they serve.

Since publication of the BBC’s ‘Building Public Value’ in 2004 public value doctrines have begun to pervade policy and planning in UK publicly funded cultural bodies. For example, the Secretary of State for Culture Media and Sport, Tessa Jowell, invoked Mark Moore in her keynote speech at the ‘Capturing the Value of Heritage’ event at the Royal Geographical Society on 26 January 2006. She said

The idea of Public Value – which I believe in very strongly – will only survive if we are rigorous in its definition and application. Mark Moore, the inventor of the public value concept, said that ‘Public value is what the public value’. There is a profound truth behind that simple definition

(Jowell 2006: np).

Jowell’s department, the Department for Culture Media and Sport, proposes to embed the criterion of “public value” in funding agreements with the non departmental public bodies (NDPB), such as the Arts Council of England and the Royal Opera House, which it funds. The Minister for Creative Industries and Tourism, James Purnell, at a meeting held at the

British Museum on 17.1.2006, and titled “Cultural Capital”, referred to the importance of “maximising public value across the cultural and broadcasting sectors”. Moreover, for the first time, public value is explicitly specified in the BBC’s mandate (in the 2006 White Paper, [DCMS 2006: section 5.3] on the future of the BBC).

But, in the appropriation and reworking of public value doctrines by public sector institutions in the UK, co-production has tended to receive less emphasis than that which Moore gave it. Rather than the direct democracy implied by co-production, UK version of public value have tended to refer more to trust than to co-production. In Hewison and Holden’s account of public value and the Heritage Lottery Fund (HLF) they argue that:

Trust is produced by a relationship between individuals or groups on the one hand, and public institutions where there is effective interaction and where the representatives of the institution are perceived to be straightforward and honest. Trust in an institution is enhanced where the institution is perceived to be independent, and trust increases the more ‘local’ the institution is perceived to be. Both the ‘arms-length’ relationship of HLF in relation to national government, and the regional and devolved nature of its organisation are important factors in HLF’s generation of trust

(Hewison and Holden 2004: 33–34)<sup>6</sup>.

Moore’s conception of public value thus assigns an active role to users whereby they behave as ‘citizens acting through politics, rather than consumers acting through markets (Moore 1995: 44)’ and as citizens they ‘establish both the level and distribution of production’ (Moore 1995: 44). Moore’s insistence on the centrality of the user involves a distinction (Moore 1995: 48) between the user as **consumer**, who seeks what’s good for her/himself and the user as **citizen** who seeks what’s good for society. Moore acknowledges that this re-conceptualisation of the user necessitates a complementary re-thinking of public managers’ role because ‘the classic tradition of public administration does not focus a managers’ attention on questions of purpose and value or on the development of legitimacy and support’ (Moore 1995: 74). Whereas in the UK, public value doctrine has come to signify a looser, but none the less significant, re-orientation of public institutions towards outputs and users and a recognition that too much is lost if ‘hard’ economic criteria dominate public sector policy and provision.

### **Importing Public Value theory to the UK**

Gavin Kelly and Stephen Muers’ 2002 ‘Creating Public Value. An Analytical Framework for Public Service Reform’ paper for the Cabinet Office was the key route for transmission of Moore’s public value doctrine into UK public sector management practice. Indeed, David Levy, Controller of Public Policy at the BBC (interviewed 18.5.2006), described Kelly and Muers’ paper as a more important influence on BBC thinking than was Moore’s work. Douglas Alexander, in his Ministerial introduction, stated that ‘public value can help to avoid the narrow and over-simplified approaches that have sometimes dominated in the past’ (in Kelly and Muers 2002: 2). Kelly and Muers’ version of public value follows Moore by emphasising the importance of co-production. They affirm that ‘In a democracy this value is ultimately defined by the public themselves. Value is determined by citizens’ preferences’ (Kelly and Muers 2002: 4). But such preferences can be taken seriously only if and when citizens put their money (or something else of value) where their mouths are.

For something to be of value it is not enough for citizens to say that it is desirable. It is only of value if citizens – either individually or collectively – are willing to give something up in return for it. Sacrifices are not only made in monetary terms (i.e. paying taxes/charges). They can also involve granting coercive powers to the state (e.g. in return for security), disclosing private information (e.g. in return for more personalized information/services), giving time (e.g. as a school governor or a

member of the territorial army) or other personal resources (e.g. blood). For Kelly and Muers, the idea of opportunity cost is therefore central to public value: if it is claimed that citizens would like government to produce something, but they are not willing to give anything up in return, then it is doubtful that the activity in question will genuinely create value

(Kelly and Muers 2002: 4)<sup>7</sup>.

Kelly and Muers further argue that the quality of public services, and the public sector, is likely to be strengthened if they are contestable.

Much of the experience of the last 20 years has shown that public value is best maximized neither by competitive private markets nor by monopoly public provision. Instead, as UK experience in prisons, employment and welfare services has shown, the combination of strong public sector institutions and competition from private and non-profit organisations achieves the best balance of accountability, innovation and efficiency

(Kelly and Muers 2002: 5).

In this respect, Kelly and Muers affirm the connections, rather than the cleavages, between public value and NPM doctrines.

Key NPM concepts, such as target setting, figured in another UK Government document contemporary with 'Creating Public Value' that is 'Choosing the right FABRIC. A Framework for Performance Information' jointly published by HM Treasury, the Cabinet Office, the National Audit Office, the Audit Commission and the Office for National Statistics (HM Treasury 2001). Although the 'FABRIC'<sup>8</sup> document didn't mobilize explicitly the concept 'public value', its emphasis on the potential dangers of a public management and measurement system driven excessively by private sector norms and the imperatives of targets pointed in a 'public valueish' direction. Moreover, FABRIC's concept of a 'balanced scorecard' acknowledged the importance of long term considerations (rather than short term achievement of quantifiable targets) and customer satisfaction. 'FABRIC' thus testified to the continuities, rather than the differences, between NPM and public value theory.

Kelly and Muers emphasize the importance of context, that is the **external** environment which bears productively (if not always comfortably) on public sector bodies rather than the **internal environment** of the public sector body, in fostering production of public value. Notable among these external features is the positive force exerted by private sector provision, ie contestability. Kelly and Muers claim that 'Citizens derive benefits from the personal use of public services that are very similar to the benefits derived from consuming those purchased from the private sector' (Kelly and Muers 2002: 11). However, at least one of the examples Kelly and Muers cite in support of this claim is highly controversial (and particularly relevant to this paper). They contend that: 'BBC programmes are not inherently different from programmes bought on subscription' (Kelly and Muers 2002: 11). Yet, a major justification for the BBC is that its programmes are **different** to those bought on subscription or otherwise provided commercially). And, an additional external feature identified by Kelly and Muers is the positive force exerted by co-production relationships between users and providers; as Kelly and Muers state: 'Good government requires citizens and their representatives to continually revise shared values and objectives through a process of public deliberation' (Kelly and Muers 2002: 7). Here too there is a problematic relationship to broadcasting, for the face to face contact characteristic of co-production is largely absent in broadcasting. The issues of contestability and co-production will be considered later in this paper when the BBC and public value are discussed.



Kelly and Muers broke from NPM doctrine in identifying “three broad dimensions of public value: services, outcomes and trust/legitimacy” (Kelly and Muers 2002: 3) which they regard as *independent* sources of public value. An improvement in health outcomes generates value even if satisfaction with GPs/hospital services does not improve. Likewise, if trust in public institutions increases value grows even if it does not flow from improved services or outcomes (see Kelly and Muers 2002: 21). They argued that if public sector organisations give greater emphasis to:

- “Public/user involvement
- Satisfaction (as distinct from outcomes)
- Trust in government and service providers
- Procedural fairness” (Kelly and Muers 2002: 32).

then public value would grow.

It’s clear therefore that Kelly and Muers’ “official”<sup>2</sup> transmission of public value doctrines into the UK public sector both strongly emphasised the dialogic, co-production, elements of Moore’s public value doctrine and affirmed the continuing validity and relevance of the classic NPM notions of competition and contestability. Indeed, they close their paper with a characteristically NPM swipe at ‘producerism’ and management capture in the public sector: ‘Public value encourages managers to think of goals, such as maintaining legitimacy, that go beyond organisational survival and meeting immediate service delivery targets’ (Kelly and Muers 2002: 34).

Moore’s (1995) Kelly and Muers’ (2002) works are acknowledged often as the sources of the developing public value doctrines of the UK public sector. Their programmes have been refined and developed in several institutional contexts. Chief among which are the BBC’s own pathbreaking ‘Building Public Value’ (BBC 2004) and, in the context of the arts and cultural sector, Holden’s (2004) ‘Creating Cultural Value’.

### **Public Value and Cultural Value**

However, though often acknowledging the influence of Moore and Kelly and Muers, the Public Value doctrines which are beginning to pervade policy and planning in UK publicly funded cultural bodies diverge in important respects from those articulated by Mark Moore and both break more firmly with NPM, and contestation, than he did and also further soften the co-production elements of Moore’s doctrine. These versions of public value theory are rooted in the thinking of John Holden (2004) and Robert Hewison (Hewison and Holden 2004) at the leading policy ‘think tank’ Demos.

Hewison and Holden argued that ‘the instrumentally driven, narrowly targeted cultural policies developed through the 1980s and 1990s (of which we give some account in the following section) have not been successful in conveying support for the unmaterialistic and transcendental values of culture’ (Hewison and Holden 2004: 9) and pointed to a shift in official, DCMS, policy which sought to emphasize the non-instrumental ‘unmaterialistic and transcendental values’ of culture. They cited Tessa Jowell’s statement that:

Too often politicians have been forced to debate culture in terms only of its instrumental benefits to other agendas - education, the reduction of crime, improvements in wellbeing - explaining, or in some instances almost apologising for,

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<sup>2</sup> Albeit every page of Kelly and Muers’ paper carries the footer “This paper has been prepared to stimulate discussion: it does not represent the views of government”.

our investment in culture only in terms of something else. In political and public discourse in this country we have avoided the more difficult approach of investigating, questioning and celebrating what culture actually does in and of itself. There is another story to tell on culture and it's up to politicians in my position to give a lead in changing the atmosphere and changing the terms of the debate

(Jowell 2004 cited at Hewison and Holden 2004: 9).

The new term that the Secretary of State is reaching for is 'Public Value'. Or, as we prefer to call it in this report, seeking greater precision, 'Cultural Value'. She asks in her conclusion: 'How, in going beyond targets, can we best capture the value of culture?' (Jowell 2004 cited at Hewison and Holden 2004: 9–10).

Public value doctrine and practice responds to the deficiencies and misplaced emphases of New Public Management (NPM) as John Holden stated in an influential analysis for Demos 'Capturing Cultural Value' (Holden 2004) 'in public service the shortcomings of New Public Management are being challenged in the emergent discourse of Public Value' (Holden 2004: 34). But, as well as expressing a discontent with NPM, this challenge also responds to a latent reductive instrumentalism in public value doctrine itself. Holden refers to 'a growing sense of unease' pervading 'the cultural sector as it sets about justifying its consumption of public money' (Holden 2004: 13) as the terms of that justification are shaped by expectations that value inheres in the achievement of social and economic, rather than cultural, objectives. Hewison and Holden invoke Mark Moore's argument that public administrators should acknowledge that they use their expertise in their broader argument for a greater acknowledgement of the professional expertise and judgement of those managing public cultural bodies. They urge that: 'Rather than adopting a stance of professional neutrality, people running publicly funded cultural organisations, funders and the civil servants who oversee the whole system should explicitly articulate the values they promote' (Hewison and Holden 2004: 29).

Professional cultural expertise has been valued insufficiently because the cultural sector has been required to justify itself in terms of what Holden calls its 'instrumental value' (Holden 2004: 17), 'Instead of talking about what they do – displaying pictures or putting on dance performances – organisations will need to demonstrate how they have contributed to wider policy agendas such as social inclusion, crime prevention and learning' (Holden 2004:13). Holden observes that cultural value cannot be fully captured in a casting up of economic or monetary value. James Purnell (at the 'Cultural Capital' meeting held at the British Museum on 17.1.2006) echoed Holden's sentiment claiming that 'can't mandate excellence for culture' But cultural value is hard to specify let alone quantify. Right across the public sector there is disquiet that ways of demonstrating benefit have become tortuous, employing 'complicated and contested assessments of causation'. Worse still, 'those things that [are] easy to measure tend to become objectives, and those that [are not, are] downplayed or ignored'. This presents a particular difficulty for the cultural sector, where much of what is done is not 'easy to measure' (Holden 2004: 17).

Holden's work, published in December 2004 was foreshadowed in May the same year by Tessa Jowell's own essay 'Government and the Value of Culture' which mobilized a vocabulary and repertoire of concepts similar to Holden's. Jowell stated that 'Too often politicians have been forced to debate culture in terms only of its instrumental benefits to other agendas – education, the reduction of crime, improvements in wellbeing' (Jowell 2004: 8) and reached towards the concept which Holden signified as 'intrinsic value' ('intrinsic' is also a term which Jowell used) when stating that 'culture is an important investment in personal social capital' (Jowell 2004: 16). Jowell's and Holden's reasoning, though acknowledging the importance of the professional competencies, values and commitments of experts charged with public cultural management and thus to a broadening of the notion of

cultural, or public value, beyond the instrumental, points strongly towards the importance of validation by users.

Holden's and Jowell's references to 'intrinsic value' (Holden 2004: 22, Jowell 2004: 13) attempt to name that which lies beyond the instrumental value of culture. Yet here too there are difficulties, as Holden points out, for the concept of intrinsic value

is open to challenge on the grounds that it is a reversion to patrician and patronising attitudes. We will decide what has intrinsic merit and you will take two teaspoons a day. Whether wrapped in the language of 'excellence' or 'complex culture', the Arnoldian, mandarin flavour is undisguisable

(Holden 2004: 25)

Holden argues that the difficulty of specifying intrinsic value means that the public willingness to give something up – to spend money and/or time – is a crucial determinant of whether they value something. Given that one dimension of culture is always subjective, that is, it lies in the experience and perception of the 'user', this point is fundamental to the way we think about evaluating and funding culture through public means. However, public institutions and funding streams exist partly as 'proxies' for the public. The concept of Public Value therefore also addresses the processes of value creation by public bodies (Holden 2004: 42).

Holden's distinction between 'intrinsic' and 'instrumental' forms of public value has been taken up by at least one UK NDPB supported by DCMS, the UK Film Council (UKFC), which has begun to analyse and classify its own activities in terms of their 'intrinsic' or 'instrumental' functions. Carol Comley, Head of Strategic Development at the UKFC, stated (interviewed 31.3.2006) that the term 'public value' provided a term which could be used strategically within the UKFC to argue the case for the cultural elements of the UKFC's remit which might otherwise have been eclipsed by more easily categorized economic objectives. Or, as Comley's colleagues put it (Neil Watson and David Steele interviewed 13.3.2006) public value provided a doctrine that foregrounded the 'intangibles' which were not captured by the category 'market failure'. Watson and Steele observed that public value theory had led the UKFC to work more directly with users and to use focus groups, polling and so on to learn more about user preferences and perceptions. This had led to a more refined understanding of public perceptions and because little user research had so far been undertaken by the UKFC its marginal value was high. Above all, the newly mobilized term 'public value' had engendered a more output and user focused UKFC.

The UKFC thus representatively echoes in its practice the public value doctrine of legitimation specified by Hewison and Holden who stated

Legitimation comes from public acceptance, not from delegated decision-making authority. Professional judgement is placed at the heart of public administration, raising questions about how confident and competent professional judgement can be nurtured and recognized. Most importantly, rather than attempting to define universal public goods, the idea of Public Value requires individual organisations and managers to explain their own ideas of public good within the context of their own purposes and organisational norms and operations

(Hewison and Holden 2004: 30).

In the emerging UK cultural sector version of public value doctrine, both of the central elements, contestation and co-production, start to fall away. Contestation falls away because of the presumption, often well founded, that a well functioning market with effective contestation is unlikely to prevail in the sectors in question. And co-production

metamorphoses from joint production and direct involvement of users to a duty on managers to explain (to which Hewison and Holden refer) and, as Tessa Jowell put it, to consult and converse with users. Jowell explicitly used Moore's category of co-production in affirming the importance of outward facing orientation in public value informed organisations: 'A public value world would include a lot more 'co-production of services' at the local level. Instead of funding what we think is important, we'd start by asking people what's important to them' (Jowell 2006: np). Jowell repeatedly returned to the importance of listening to users (but not to the joint decision making mandated by Moore) in her speech. She urged, for example, 'replacing consultation with conversation, and dramatically changing the role of experts – using experts to inform and empower the public, rather than simply cutting the public out and leaving everything to the experts' and also asserted that 'We can't just assume that we know what the public wants as a priority for public investment – we have to start asking them' (Jowell 2006: np).

### **Why the BBC and public value?**

The BBC has been widely recognized in the UK cultural sector to have developed most fully a doctrine of public value informed practice. The BBC has mobilized pervasively the term 'Public Value' in key recent policy documents, eg the licence fee bid 'Delivering Public Value: BBC Licence Fee' BBC 2005b, in corporate branding (eg posters at events such as the Oxford Media Convention 2006) and by senior BBC managers. For example, the Chairman of the BBC Governors, Michael Grade, stated to the Oxford Media Convention on 20 January 2005. that the BBC would be dedicated to:

the idea of building public value, of generating social capital, of serving its audiences not just as consumers but as members of a wider society, of contributing significantly to the quality of life in the UK

(Grade 2005)

A year later at the same event the then BBC's Director of Strategy, Caroline Thomson, said that:

The BBC exists to create public value not only value for individuals as consumers, but also value for people as citizens. Hence the 6 public purposes<sup>9</sup> the government has given us. For people as consumers, the BBC provides a range of services which inform, educate and entertain, that people enjoy and value. For people as citizens, the BBC seeks to offer additional benefits, over and above consumer value. Citizen value often rest on the availability of a service to all on equal terms. A public park brings social benefits to the local community, for instance. The NHS helps to make the UK a healthier society. The BBC, in turn, aims to deliver a range of public purposes

(Thomson 2006)

In a number of recent statements, notably its 'Building Public Value' (BBC 2004), 'Measuring the Value of the BBC' (BBC and Human Capital 2004b) and 'The BBC's contribution to informed citizenship' (BBC 2004a), the BBC has put forward what's probably the most fully developed set of reflections on public value and foreshadowed the most comprehensive implementation of a public value based regime of any UK public body.

At the time of writing, in early 2006, the BBC is in the early stages of implementing a public value based performance measurement system and a new governance and planning regime based on a pervasive use of a 'public value test' (PVT) which it plans to apply to proposals for new services and significant changes to established services<sup>10</sup>. The shape of the PVT and the new governance regime of which it is a most important feature has now become clear both

from accounts given by the BBC and the PVT specification set out in the DCMS' White Paper foreshadowing the terms of BBC operation during the term of the next BBC Charter. However, although this quasi-regulatory manifestation of public value informed BBC practice has been well communicated it is not yet clear how public value doctrine is to inform BBC practice more fully and generally.

***The BBC's Public Value Test.***

- Does 'net public value' from a BBC service (i.e. public value minus negative market impact) justify the resources invested in it?
  - Applied to new services (or significant changes to existing services).
  - Makes a Public Value Assessment (PVA) designed to measure the gross public value created<sup>11</sup>.
  - Makes a Market Impact Assessment (MIA) of the new service's likely impact on the existing or potential market.
  - Combines the PVA and MIA to identify 'net public value'.
  - Does the proposed service conform to the BBC's public purposes and achieve appropriate standards of quality and distinctiveness?
  - Does it create public value at an acceptable cost?
- Will it increase net public value significantly taking market impact into account?

Caroline Thomson described the public value test as involving

a large element of judgement on behalf of the BBC Trust, not the application of an algorithm. But for the first time, we will have a system that balances public value against market impact in a systematic and evidence-based manner. Moreover, it will contribute to increasing the BBC's transparency and accountability that will be of benefit to both licence fee payers and the commercial organisations that operate within the same markets

(Thomson 2006).

As well as the Public Value Test, the BBC's new performance management system includes **service licences** which will define objectives for all BBC services, the BBC's programme policies (on which the BBC reports in its Annual Report and accounts – see for example BBC 2005: 68–77) and **value for money studies**. To help implement these new measures, the BBC has established a new governance unit to act as a secretariat for the BBC Governors (the Governance Unit will perform the same role for the forthcoming Trust). The governance unit of c 33 people is the most striking instance of a new, clearer, separation of the BBC's governing and regulatory apparatus from its management<sup>12</sup>.

The BBC's proposals have been received positively and are widely seen as thoughtful, self-critical and innovatory. David Elstein, for example, in a lecture for the Institute of Economic Affairs, argued that 'Building Public Value' (BBC 2004) 'is one of the most radical documents the BBC has ever issued... It contains much self-criticism and many promises of reform.... A steady flow of statements and activity has confirmed that the BBC is contemplating dramatic change'. Although Elstein<sup>13</sup> qualified his praise by stating that the BBC 'stops some way short of real transformation' (Elstein 2004: 2) and concluded that the BBC's proposals were unacceptable substitutes for 'real choice, real accountability, real transparency and real value-for-money tests' (Elstein 2004: 15) his testimony to the boldness and scale of the BBC's proposals is eloquent enough.

Nonetheless, the BBC is somewhat exceptional in terms of public value, not only is it first and fullest in the public value field among UK cultural bodies but its experience of public value doctrine will be, in part (and probably earliest) at least, of public value being used as a regulatory principle to adjudicate on whether particular BBC management proposals do or do not go forward. Moreover, there are central aspects of the BBC's organisation and practice which make realisation of the classic public value strategies of co-production and contestation difficult and/or undesirable.

### **Why now? 'Public Value' and the BBC**

The BBC's initiative comes at a time of multiple challenges to the BBC. First, the BBC Charter expires in 2006 and the Charter Review process and the concurrent external scrutiny of the BBC have been unusually intense. An important way station on the progress to Charter renewal came with publication of the Government's White Paper 'A Public Service for all: the BBC in the Digital Age' (DCMS 2006) in March 2006. Several formal scrutinies of the BBC were been set up (notably the Government's own Burns Committee, two Parliamentary committees) and a slew of independent commentaries of which Cox's and Elstein's are probably the most significant also contributed to the Charter review process<sup>14</sup> and to the White Paper. The House of Commons Select Committee on Culture Media and Sport's finding that BBC governance was widely perceived to be 'unworkable and out-of-date' (House of Commons: 2004: 3) gives a representative flavour of such commentaries on the BBC<sup>15</sup>. Scrutiny of the BBC in connection with Charter renewal coincides with the expiry of the BBC's current funding agreement and the consequential need to negotiate another licence fee settlement with the Government.

These enquiries coincided with Ofcom's first review of Public Service Television (Ofcom 2004, 2004a and 2005) which diagnosed accelerating change in UK broadcasting and the consequential need for a new institutional framework, possibly including bodies other than the BBC drawing funding from the licence fee which has been thus far an exclusive BBC prerogative, and a new public service publisher (PSP). Ofcom also signalled its preference for a standstill (and perhaps eventual diminution) in public funding for PSB: 'current levels of public funding for PSB should.... Be maintained.... Increasing market provision *may* [original emphasis RC] allow for a gradual reduction in public support' (Ofcom 2005: 8). Ofcom's preference for standstill, or reduced funding, contrasts with the BBC's bid for a post 2006 licence fee settlement of RPI + 2.3%<sup>16</sup>.

Charter Review was, and is, overshadowed by two serious challenges to the BBC's legitimacy. First, the findings of Lord Hutton's investigation into the circumstances surrounding the death of Dr David Kelly levelled severe criticism against the quality and character of the BBC's news reporting<sup>17</sup>. Hutton's findings, though highly controversial, challenged the core of the BBC's claims on public finance – the quality of its news reporting. The BBC's own claims for its news indicate how serious Hutton's critique was:

the unique nature of the BBC, as a publicly funded yet independent broadcaster, that gives it a pivotal role in delivering a fundamental component of British democracy: trusted and reliable news and information for everyone. As the wider UK news environment is becoming a more crowded and confusing place, the BBC's role as a 'trusted guide' will become increasingly important

(BBC 2004a: 8)<sup>18</sup>

The BBC has responded positively to Hutton's critique, first by establishing an internal enquiry into journalistic standards (BBC 2004d) followed by a commitment to implementation of the enquiry's findings (notably on BBC journalists' training).

Second, and more generally, the BBC's legitimacy has come into question as its share of television consumption declines and the licence fee which funds the BBC rises in real terms<sup>19</sup>.

In response to these challenges, the BBC has proposed 'A renewed BBC, placing the public interest before all else' to counterbalance the contemporary 'market-driven drift towards programme-making as a commodity'. In this new vocation lies the basis on which the BBC has built its case for secure, adequate, funding so that through the BBC UK broadcasting can realize 'its cultural (in the broadest sense) aspiration' (citations from BBC 2004: 3). The quotation comes from what one senior BBC manager described off the record as the BBC's 'manifesto' for Charter renewal which embodies the BBC's adoption of the public value vocabulary of Moore and Kelly and Muers, 'Building Public Value. Renewing the BBC for a digital world' (BBC 2004).

### Public Management, Public Value and broadcasting

The historical narrative of public management doctrines; first Denhardt and Denhardt's (2000) old public administration, then new public management and (new) public value/public service, is mirrored in UK broadcasting history. The dynamics of the long moment of 'old public administration' is well exemplified by the Ullswater Committee's (1936) clear identification of an upward, hierarchical, relationship of accountability in the BBC's relationship to Government. The Ullswater Report was the first of a series of five successive major public enquiries (into the future of the BBC. These took place at roughly ten year intervals after the BBC's foundation in 1926 as a public sector and public service organisation. Symptomatically, Ullswater's account of upward accountability is in the part of the report titled 'Control' where it states that 'the Corporation is strictly bound to observe the provisions of any licence granted by the Postmaster General and any instructions which he from time to time may issue' (Ullswater 1936: para 48).

<i>Public Enquiry</i>	<i>Key Features</i>
Ullswater 1936	Hierarchical 'upward' accountability to Government. 'Control' of the BBC by Government.
Beveridge 1951	Identified evils 'in a monopoly more serious than... in a concern with rivals'. Majority report for BBC monopoly, minority proposed competition (resulting in ITV).
Pilkington 1962	Audience vulnerable and requiring protection, competition destructive. Proposed a second BBC TV channel (BBC2) and tighter regulation of commercial services.
Annan 1977	Proposals to strengthen the BBC's Governors <i>vis a vis</i> BBC management; introduce public hearings; establish a broadcasting public enquiry board and independent adjudication of complaints (Broadcasting Complaints Commission).
Peacock 1986	Increasing contestability and downward accountability through markets and the outsourcing of programme production (the 25% independents quota) implemented in the 1990 Broadcasting Act.



Hierarchical governance continued until the 1980s. Despite the second of the major enquiries', the Beveridge Committee's, unimplemented flirtations with some measures of market governance (Beveridge 1951) and the Annan Committee's, the fourth enquiry, (Annan 1977) anticipations of some elements of public value doctrine the beginnings of a decisive break with the 'old public administration' model of broadcasting governance came with the fifth (and most recent) enquiry, the Peacock Committee in 1986. Peacock recommended classically NPM measures of increasing contestability and downward accountability to viewers and listeners. These occasioned a significant change to the prevailing broadcasting policy orthodoxy whereby notions of market entry and intensified competition grew in salience and some specific measures, such as the 25% independent television programme production quota, were put in place to implement these doctrines. Later, the BBC Director General John Birt (Director General from 1992–2000) took further implementation of NPM in the BBC by introducing internal markets ('Producer Choice') and rolling back the 'Spanish practices' characteristic of what the Peacock Committee had called the 'comfortable duopoly'.

But perhaps more important than the Report's effect on increasing competition was Peacock's break with the established doctrine of the relationship between broadcaster and users, classically expressed in the third major enquiry under consideration, the Pilkington Committee's Report. Pilkington gave voice to a strongly 'command and control' doctrine epitomized in the epithet 'Those who say they give the public what it wants begin by underestimating public taste and in the end by debauching it' (Pilkington 1962: para 47). In contrast, Peacock proposed that viewers and listeners should be sovereign and were well able to identify their own needs and interests.

However, neither the cautious recommendations of the Annan Report (between Pilkington and Peacock in 1977) of consultation and downward accountability (such as public hearings and a broadcasting policy board) followed by yet more cautious implementation nor Peacock's NPMish proposals can really be seen as an anticipation of public value orientated broadcasting management. The BBC's 'Building Public Value' therefore marks a new beginning as the first explicit engagement with public value doctrine in UK broadcasting management and governance. It is an innovatory and original initiative which can be explained neither as a simple adoption of post-NPM public management doctrine (though both Moore and Kelly and Muers have clearly been influential formative forces) nor as a reprise of established themes in the history of UK broadcasting governance, though some voices from the past echo through it. The BBC's embrace of public value is an embrace of a new doctrine for new circumstances.

### **UK broadcasting and the contemporary context for public value delivery**

The UK broadcasting environment is changing rapidly. Not only are there more and more alternatives to the BBC, as conventional radio and television broadcasters and channels proliferate and video and audio on demand services grow, but technological change is accelerating the shift in the broadcasting environment from a 'push' to a 'pull' regime. Under a 'push' regime, broadcasters control the programmes offered to users and the time and order in which they could be consumed. Programmes are customarily consumed in the home (though car and portable radios have emancipated radio listeners from the home). However, in a 'pull' regime users can choose among many programmes and determine where, when and in which order they are to be consumed. Conventional radio and television receivers, mp3 players and Walkman type devices, mobile telephones, personal digital assistants, desktop and laptop computers now all provide access to 'pull' radio and television type content. And their impact is particularly marked on young people. A recent *Guardian* survey found that:

Millions of young people who have grown up with the internet and mobile phones are no longer content with the one-way traffic of traditional media and are publishing and

aggregating their own content. ...On average, people between 14 and 21 spend almost eight hours a week online.<sup>20</sup>

These trends are likely to continue as the second wave of technological change, that of transition from 'push' to 'pull' services, grows in strength. They pose formidable challenges to established broadcasters. Users' increased control over their viewing (and listening) experiences may undermine advertising based business models as it becomes easier for audiences to avoid advertisements. File sharing makes it somewhat easier to consume subscription services without paying for them. And the reduced share of consumption, which almost inevitably attends such changes, challenges the legitimacy of publicly financed broadcasters. Either in consequence of their reduced share, making those who finance public broadcasting less ready to do so as the service for which they pay declines in relative importance in any individual's personal consumption, or as publicly financed broadcasters' programming becomes less made up of merit<sup>21</sup> goods and more populist, and thus more like its commercial competitors.

In spite of the BBC's strengths in interactive media, such as RadioPlayer, RSS, BBCi, its consumption share has eroded and, in consequence, the BBC has tactically shifted its arguments for the licence fee from an emphasis on the BBC's share of consumption (declining for television, rising for radio) to an emphasis on its reach – the 90% of the population who, at least once a week, use BBC services. But share, as Barwise has persuasively argued, is the crucial consumer value measure because it determines cost per viewer (or listener) hour (Barwise 2004: 31). Moreover, the increase in the number of suppliers together with users' increased control over consumption means that some fragments of broadcasting user communities, including minority communities, have found their tastes and interests less well served by publicly financed services.

For example, Jim Pines, a Senior Lecturer at Luton University and long standing black media activist, said at the 2005 Campaign for Press and Broadcasting Freedom Conference on 'The future of the BBC and public service broadcasting', that the one thing that connected ethnic minority viewers was their dissatisfaction with terrestrial television: 'People say I pay a licence fee but there is nothing on TV that reflects anything about me.' He suggested jettisoning the idea of public service broadcasting, 'A lot of people are arguing that cable and satellite are the future.' (report at <http://keywords.dsvr.co.uk/freepress/body.phtml?subject=%27future%20of%20the%20BBC..%27> on 5.1.2006). Pines' comment chimes with Born's 'The BBC's record on representation in the linked terms of perspectives and cultural expressions aired and equity of employment and promotion within the organisation is unsatisfactory' (Born 2005: 509).

As consumption opportunities have increased, viewers and listeners have tended to act more as 'consumers' rather than as 'citizens'. Broadcasters have followed these consumer desires and prioritized popular and entertaining formats rather than public service programming. This trend has been particularly marked in advertising funded public service broadcasting (and notably in ITV) but is not confined to it. Indeed, Mark Thompson, albeit before he became Director General of the BBC, acknowledged the dumbing down of the BBC in his celebrated speech at the Banff Television Festival 2000. Thompson stated that: 'The charge [that the BBC has seriously weakened its scheduling of classical music RC] that these critics make, which is that there's much less than there once was, fewer hours, less impact, fewer risks. And they're right.' (Thompson 2000: 6).

Others echo Thompson. Barry Cox<sup>22</sup> pithily asserted that 'much of the BBC's output no longer qualifies... for the 'merit good' justification' (Cox 2004: 64). And Georgina Born contended, of one relevant area of output, that 'the Corporation has failed to discern a way of covering Europe that gives its institutions due significance and fosters intelligent criticism' (Born 2005: 510). The authors of the Government's Green Paper 'A strong BBC, independent

of Government' stated that BBC programmes are 'too dull, or too copy-cat of formats working perfectly adequately' (DCMS 2005a: 2) and demanded the BBC 'recognize its obligations to concentrate on PSB' (DCMS 2005a: 3). And so on.

The Government, in the Green Paper, and the Burns Committee both argued that "The BBC should aim to be distinctive from commercially-funded services, it should compete on the basis of quality, not aggressively for ratings" (DCMS 2005a: 20) and that PSB should provide "consistent high quality programming [which] should be evident in characteristics such as rigour, accuracy, balance, fairness and innovation" (DCMS 2004: para 3.7). Technological change may have changed the context in which public service programming is delivered and sharpened the trade offs between high viewing and listening shares on one hand and public service programming on the other but it has not undermined the need for public service programming as a central element in public sector broadcasters' delivery of public value. Moreover, the commitment expressed in 'Building Public Value' to 'wider public purposes' is clearly consonant with Mark Moore's notion of public value as an institutional doctrine committed to 'citizens acting through politics, rather than consumers acting through markets' (Moore 1995: 44).

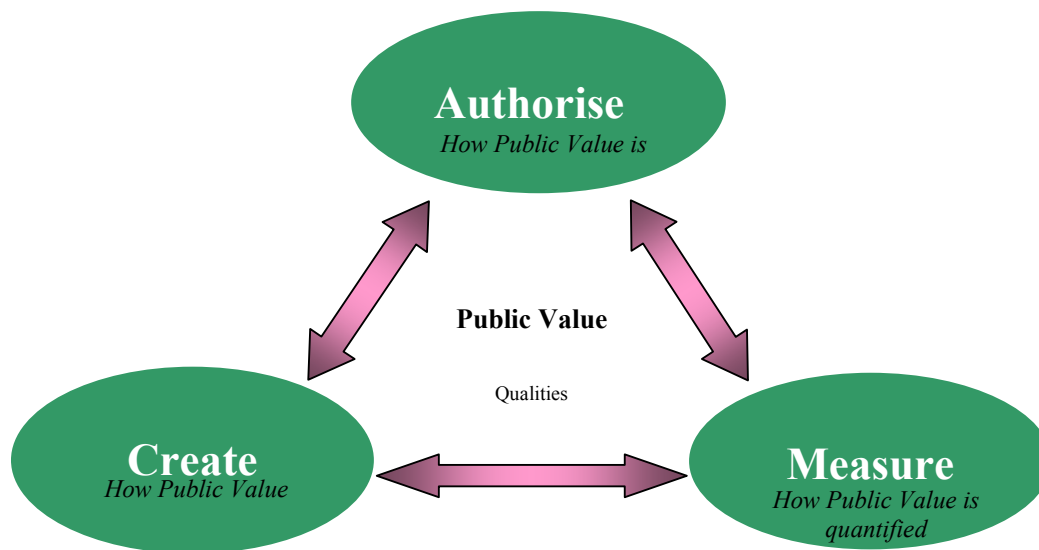
The BBC's current embrace of public value doctrines thus responds both to a changed programming and service environment in which its offerings have been subject to wide ranging critical comment as well as to new challenges and opportunities in governance. 'Building Public Value' marks what may be called a 'third moment' (or 'third way') in BBC governance. First came the moment of old public administration – of hierarchical governance and upward accountability. This organisational mode came to be supplanted by a downward accountability, consumption oriented, and quasi market moment. In turn, this has given way to the contemporary public value branded organisational model in the face of both official injunctions for the BBC to return to its public service vocation and the erosion of the BBC's market share by competition.

I now turn to consider the extent and manner of the BBC's enactment of public value based management and practice. I shall use the three part schema for analysis of public value management formulated by the Work Foundation, that is the authorisation, creation and measurement of public value. I shall also consider how far the concepts of co-production and contestability, which Moore and Kelly and Muers defined as distinctive characteristics of public value management, apply, or could apply, to the BBC's building of public value.

### **Authorisation, Creation and Measurement**

The Government's White Paper 'A public service for all: the BBC in the digital age' charges the BBC Trust with taking into account the 'principles of the Work Foundation's 'Public Service Performance Model' as a basis for assessing public value' (DCMS 2006: para 5.3.11)<sup>23</sup>. What is the Work Foundation model? Public value theory, as articulated by The Work Foundation, identifies three interdependent activities on which the production and delivery of public value depends: authorisation, creation and measurement. This builds explicitly on Mark Moore's (1995) concept of the authorising environment and the work of the Cabinet Office Strategy Unit (Kelly and Muers 2002).

## The Public Value Dynamic



In order to produce public value the public must ‘**authorize**’ – that is confer legitimacy to spend public money and to allocate resources - relevant bodies to **create** public value and they, and/or external assessors must **measure** the effectiveness of their creation of the authorized public value.

**Authorisation** is achieved through both representative and participative democracy. It, normatively, legitimizes the core assumptions and aims, mechanisms of delivery, and methods of measurement of a service. Citizens, normatively, are a key part of the authorising environment and must be engaged in the public value process: a process which may involve refining citizens’ preferences through education, providing citizens with information, fostering mechanisms for transparent collaborative decision making and leadership that shapes, rather than just reacts to, citizens’ preferences

**Creation** of public value involves definition of objectives, (what is a particular public sector body to do?), internalisation of those objectives in an institutional ethos of shared public service values through which relevant outputs are created collaboratively by workers and users through co-production.

And **measurement** assesses how much public value, and of what kind, has been created.

### Authorisation and Accountability

the manager receives an authorization to use resources to accomplish public purposes through specified means

(Moore 1995: 54)

Who says what’s public value? Who decides what public sector and public service organisations should do? The problem of ‘authorisation’ is a central and inescapable issue in the management of all public bodies and is logically first in the public value trinity of authorisation, creation and measurement. In Moore’s account of public value involvement of

users in authorisation is one of the defining characteristics, and key innovations, in public value oriented public sector management.

But authorisation is a particularly vexed question in public service broadcasting. First, because it's axiomatic that public service broadcasting should be independent of vested interests whether political or commercial. Hence the inspiring title of the Government's Green Paper 'A strong BBC independent of Government' (DCMS 2005a) which suggests an emphatic rejection of upward accountability of the BBC to Government. And second because of the presumption, underpinning public service provision of broadcasting services, that viewers and listeners are not good judges of their own needs and interests. To whom therefore is public service broadcasting accountable? Who decides? Or who, in Moore's terms, issues the authorization that legitimizes management initiatives?

Moreover, broadcasting in general poses particular problems of authorization for, unlike other public services such as health, education, policing etc where public value doctrines are being implemented; it's a service without face to face encounters between users and providers. And broadcasting lacks the 'intermediate' groups, the teaching assistants, community support officers, community matrons, childcare workers who bridge between the professional providers and the public of users in other domains.

As already stated, the BBC's (and this is true of public service broadcasting more generally, whether Channel 4 in the UK or public service broadcasters overseas) independence of government further complicates authorisation in the broadcasting domain. Not least because 'independence' is usually invoked as an indivisible term whereby the editorial and journalistic independence of the BBC, universally regarded as an indispensable objective, is seen as dependent on the BBC's managerial independence from effective accountability to external bodies. There is a consequential lack of clarity about the BBC's accountability and the appropriate balance to be struck between independence and accountability both of which appear to be matters of public concern as Jonathan Zeff, Head of Broadcasting Policy at DCMS, pointed out. Zeff referred to findings from DCMS' public consultation in connection with BBC Charter review, and stated:

The governance and regulation of the BBC was obviously one of the key areas of concern in the initial round of public consultation and debate in this charter review. In the responses from the public; there was a strong emphasis on the importance of the BBC's independence, and there was also clear evidence of a general desire for greater accountability to viewers and listeners, for ensuring that the interests of licence-fee payers are properly represented, and for greater transparency in the way that the BBC operates.<sup>24</sup>

Zeff's summary suggests that licence fee payers were not wholly satisfied with established arrangements for accountability but were concerned to ensure that the BBC should be independent of Government and Parliament<sup>25</sup>. The BBC is, to a significant extent, self-authorising with limited accountability to external agencies and to its viewers and listeners. Though an important recent initiative of the Board of Governors under Michael Grade is the introduction of an AGM in 2005 which innovatively blended face to face and virtual contact with viewers and listeners. And, like many other public bodies, the BBC has taken advantage of the opportunities provided by the world wide web to make considerably more information available about itself with a consequential increase in the transparency of its operations and policy. But in comparison to other public value initiatives in health, local government and the like, the BBC's move towards direct engagement with, and accountability to, its users appears relatively weak despite the findings from the DCMS Consultation prior to publication of the Government's Green Paper (DCMS 2005a) that

The majority of respondents answering this question [ie about governance RC] wanted the Governors to be more directly accountable to and representative of the general public. This was the key recommendation from the public, and was often coupled to a reduction in Government influence and authority over the Governors and the BBC

(Ubiquis 2004: 33)<sup>26</sup>.

Greater transparency, a virtual ‘AGM’ and other outward facing measures do not satisfy the definition of accountability which Mary Warnock (1974) formulated (when reflecting on what accountability meant to a broadcasting regulator) as a combination of the right to know **and** to impose sanctions. She stated:

A is accountable to B where B has entrusted to A some duty (especially in regard to the spending of money) and where, if A fails to fulfil this duty, B has some sanction which he may use against A. This is one necessary part of it. But it follows that B has a *right* to be exactly informed of what A has done towards fulfilling his duty

(Warnock 1974: 2)

The BBC’s relationship to Government and Parliament has been a contentious subject since the BBC’s foundation but two other sets of relationships are also relevant (though neither has enjoyed the long standing salience of the BBC’s relationship to formal politics). First, there is the matter of the BBC’s relationship to external regulatory bodies. And second, the matter of the BBC’s relationship to its users.

Under Michael Grade’s Chairmanship, the BBC has taken significant steps to improve the quality and comprehensiveness of information about the BBC entering the public domain: viewers and listeners are better informed about what the BBC has done. But viewers and listeners lack sanctions which principally reside **within the BBC itself**: that is with the Governors who, legally, **are** the BBC, who govern the BBC and thus authorize the BBC’s actions and activities, but who also have important regulatory responsibilities for the BBC.

### ***Regulating the BBC***

The first independent regulator to which the BBC became subject was the Broadcasting Complaints Commission (BCC) set up under the Broadcasting Act 1980 following a recommendation in the Annan Report of 1977. Since the BCC’s establishment more of the BBC’s doings have slowly come under external scrutiny. Under the Broadcasting Act 1990 the separate Broadcasting Standards Council (BSC), which had come into existence in 1987, became a statutory body. And in 1996 the Broadcasting Standards Commission was established which took over the responsibilities of both the BCC and BSC and exercised (some) jurisdiction over the BBC. In 2004 Ofcom, a body which integrated the formerly separate regulators (including the BSC) took over ‘grandfathered’ regulatory powers from the BSC and acquired some new BBC relevant responsibilities.

### **The institutions of formal authorisation**

Formal authorisation of the BBC's activities is now divided among several bodies, notably; the Department for Culture Media and Sport, the BBC's Governors and Ofcom (see Appendix 1) among whom the Governors are the most important<sup>27</sup>. These established arrangements are controversial and have been the subject of considerable comment by a variety of official bodies<sup>28</sup>.

In 2004, the House of Commons Select Committee on Culture, Media and Sport reported on the BBC and judged that BBC governance was widely perceived to be 'unworkable and out-of-date' (House of Commons Select Committee on Culture Media and Sport: 2004: 3). The Committee's recommendations for changes to BBC governance clearly influenced the Government and resonate through the Green Paper. However, the House of Lords Select Committee on BBC Charter Review (which was established later in order to scrutinize the Green Paper) were critical of some recommendations in the Green Paper. The Lords Committee proposed:

- a unitary BBC board, named the BBC Board (instead of the Governors or Trust), with a majority of non-executive members including a non-executive Chairman, to be responsible for governing the BBC in accordance with best corporate governance practice. The board should see itself as responsible to the licence fee payer.
- Ofcom should take final responsibility for BBC programme regulation including adjudicating on appeals against decisions on complaints made by the BBC Board.
- the National Audit Office (NAO) should have its right of access to the BBC extended to conduct and independently select the subject of Value for Money Reviews (currently the NAO is able to undertake such studies only at the invitation of the BBC Governors). It should report the results to Parliament.

### **The 2006 White Paper**

The Government's White Paper 'A public service for all: the BBC in the digital age' (DCMS 2006), which foreshadows a new Royal Charter for the BBC to start in 2007, for the first time formally embeds the concept 'public value' in the mandate of a UK public body.

However, the term 'Public Value' is used principally in the White Paper in the context of a 'Public Value Test', as, that is, a regulatory instrument applied by the BBC Trust (the new governing body which the Government proposes to establish to replace the BBC's Governors). The White Paper defines public value as:

- The value licence fee payers would place on the service;
- The value the service delivers to society as a whole through its contribution to the BBC's public purposes and priorities;
- The value for money delivered by the service – including a consideration of whether licence fee payers might benefit from a corresponding reduction in the licence fee.

(DCMS 2006: para 5.3.10 p 32)

The Regulatory Impact Assessment (DCMS 2006a), accompanying the White Paper, also uses the term 'public value' and, in the context of a justification for licence fee funding of the BBC, states that 'sole reliance on subscriptions by the BBC runs the risk of insufficiently funding the provision of services, which yield significant levels of public value' (DCMS 2006a: 12). Public value is thus defined as a combination of the value licence fee payers would place on the service, an 'output' measure which though not explicitly invoking

Moore's notion of 'co-production' may be thought adjacent to it, and the value the service delivers to society as a whole (ie in relation to the BBC's public purposes and priorities). The softened version of Moore's doctrine of co-production, characteristic of the UK cultural sector's re-working (eg Holden 2004, Hewison and Holden 2004, Jowell 2004, 2006) of public value theory, is thus echoed in the Government's mandate to the BBC: co-production, in the sense of co-decision, gives way to a looser injunction to pay attention to public preferences and society's needs.

The Public Value Test (PVT) will be administered to 'all new services and significant changes to existing services should be subject to a Public value Test'. The PVT will include a Market Impact Assessment (MIA) which, for new services, will be undertaken by Ofcom whereas the BBC Trust will undertake the MIA for significant changes to established BBC services using a methodology agreed with Ofcom (DCMS 2006: 5.3.3. p 30). In the case of the application of the PVT to existing services the criteria to be used to determine whether changes are 'significant' changes (and therefore subject to the PVT) are: impact, scale, novelty and duration (DCMS 2006: 5.3.4. p 31).

As stated in the White Paper, public value requirements formally has a limited impact on the BBC for the services to which the PVT is to apply are only new (or significantly changed) services. The majority of the BBC's activities are thus not likely to be touched by the PVT although the Service Licences, which are to govern established BBC services, will be influenced by public value objectives. The White Paper specifies only that the Service Licences must 'contain clear indicators to enable the Trust to monitor and ensure the performance of the Executive.... They would provide clarity for licence fee payers...they would be designed to provide certainty for the rest of the market' (DCMS 2006: 5.2.1 p 28). The Service Licences are to be 'the most important means by which the Trust will hold the Executive to account' (DCMS 2006: 5.2.2 p 29) and will 'will set out all the most important characteristics of an individual service' (DCMS 2006: 5.2.3.p 29). In the BBC Governors' consultation on how service licences might work (BBC 2005c) the BBC stated that 'each Service Licence should also make clear each service's contribution to the public purposes and thereby to public value' (BBC 2005c: 17). Each service licence will, it is proposed, identify the contribution of the service in question to each of the BBC's six public purposes<sup>29</sup> and each licenced service is to be reviewed not less than quinquennially (and some services will be reviewed more frequently). Chris Woolard, a member of the Governance Unit, described (interview 4.5.2006) the service licences as 'mini PVTs' (though the market impact assessment will be undertaken by the BBC rather than by Ofcom).

#### **Authorisation and accountability: Who decides?**

Authorisation and accountability in broadcasting are not straightforward. There are few face to face contacts between viewers and listeners, users, on one hand and broadcasters, providers, on the other. Moreover, there is a general and proper concern for public service broadcasters' journalistic, editorial and, indeed, political independence from which flows a requirement to insulate broadcasters from direction by Government and 'capture' by unrepresentative interest groups).<sup>30</sup> This means that conventional forms of either 'upward' accountability (eg to Government or to Parliament) or 'downward' accountability( to viewers and listeners) are unlikely to reconcile satisfactorily conflicting requirements for both independence and accountability. Downward accountability is further complicated by the limited capacity of users to make well founded decisions about the provision of merit goods – a problem which applies no less to some other public services, such as education, as it does to broadcasting

But though, in formal terms, the BBC is significantly self-authorising (and its substantial measure of autonomy in this respect is linked to the importance universally attributed to its editorial and journalistic independence) it is subject to informal and semi-formalized systems



of authorisation and accountability. The BBC's Charter has, thus far, been granted for a finite period and therefore requires renewal. The renewal process has become an occasion for public scrutiny and review of the BBC's operational performance and the scale and scope of its activities. Never more so than during the 2004–2006 Charter review which was described by David Levy, the BBC's Controller of Public Policy, as the most difficult to date (at the Oxford Media Convention 2006).

Not only did the BBC publish its own 'manifesto' for Charter review 'Building Public Value' (BBC 2004) but it was subject to a host of enquiries and studies, not least important among which were those of the Burns Committee (DCMS 2004 and 2005), the House of Commons Select Committee on Culture Media and Sport (House of Commons Select Committee on Culture Media and Sport 2004) and the House of Lords Committee on BBC Charter Review (House of Lords 2005). The 2004–2006 Charter Review was also accompanied by two public consultations on the future of the BBC orchestrated by DCMS which attracted c5,500 and c4,300 responses from individuals and a number of other research studies (see <http://www.bbccharterreview.org.uk> ).

This unprecedented array of reflections on the BBC clearly required and enabled the BBC to account for itself. However the periodic cycle of the Charter review process means that the BBC is called upon to give so full an account of itself only infrequently. The Chairman of the BBC Governors, Michael Grade, (at the Oxford Media Convention 2005), recognized that this may engender exceptional behaviour as he wryly remarked that Charter review sometimes stimulated a revival in the BBC of 'old time religion' – a revival which lasted only for the duration of Charter review. Nonetheless, the finite duration of each BBC Charter means that the BBC is periodically subject to extensive public scrutiny whereas not all other public bodies, whether or not established by Royal Charter, are so subject to regular review.

In the course of Charter review, the DCMS undertook a number of public consultations on the BBC. Though these were not necessarily indicative of the views of the UK population as a whole (see Ubiquis Reporting 2005: 5) they provided a rich source of information on public attitudes to the BBC. Though these were sometimes difficult to interpret and provided uncertain ground on which to ground actions, for example, the second consultation found that 'Opinion was fairly evenly divided between those who thought the BBC was a 'national treasure' ..... and those who viewed the organisation – or at least some aspect of its operation – as a 'national disgrace'' Ubiquis Reporting 2005: 6).

It can therefore be seen that the central distinguishing features of classic public value management, contestation and co-production, have had little place in broadcasting governance and that authorisation and accountability of BBC activities is complex, multi-faceted and less directly subject to popular sovereignty than is often the case for other public sector institutions. This is not to say that authorisation and accountability in policing, health, education or other public services is easy but only to propose that broadcasting poses particular governance difficulties: hence, perhaps, the complexity of regulatory and governance arrangements and the abundance of separate studies that the current Charter Review has stimulated. I turn now to some of the causes of this complexity.

### **Exit, Voice and Loyalty**

In 1970 Albert Hirschman published his influential book 'Exit, Voice and Loyalty' (Hirschman 1970) in which he identifies three ways in which stakeholders can hold institutions to account - 'exit', 'voice' and 'loyalty'. Different governance systems provide different means for stakeholders to signal their preferences by **exiting** from the relationship (eg by ceasing to buy products and services), making their **voice** heard (eg by voting) or by

demonstrating their **loyalty** (doing nothing in circumstances where the alternatives of exit and/or voice are available).

Applying Hirschman's model to the BBC reveals that viewers and listeners have weak opportunities to either exercise voice or exit (and in such circumstances loyalty means little). Viewers and listeners are unable either to directly and effectively represent their preferences to the BBC, ie exercise voice, because the BBC lacks the institutional forms of either joint stock companies (shareholders' meetings, election of directors, reporting requirements defined by stock exchanges and financial regulators) or democratic politics (notably the election of representatives) through which 'voice' can be expressed. But nor are viewers, licence fee payers,<sup>31</sup> able to effectively exit from their relationship with the BBC. For they cannot lawfully terminate their financial commitment to the BBC if they retain any television receiving apparatus – which is defined to include not only conventional television receivers but also devices such as computers, mobile 'phones and the like which are capable of receiving television signals. In Hirschman's terms, the public has no way effectively to hold the BBC to account because it lacks the ability to exercise either voice or exit. What can stand in for exit and voice? This aspect of the relationship between the BBC and its users and funders sets obvious limits to the implementation of the two pillars of public value doctrine – co-production and contestation. Are there ways, other than those Hirschman identified, for the public to hold the BBC to account?

#### **Next steps in Accountability and Authorisation?**

The BBC acknowledges that it has 'historically been rather closed as an institution' (BBC 2004: 19) and that reform should 'make the BBC more responsive and accountable to the British public' (BBC 2004: 23). However, what constitutes an appropriate level and manner of accountability is a vexed question. At least two bodies, traditionally strong, albeit critical, supporters of the BBC, have advocated direct accountability of the BBC to viewers and listeners through the elective principle. Such 'maximalist' proposals for improving accountability extend further than the BBC's comfort zone. All the BBC's (and BBC appointed) advisory bodies have refused to brook election of their members (BBC 2005a: 94, 97, 100, 103). And the BBC, perhaps rather ventriloquistically, supported them (BBC 2005a: 59).

The Campaign for Press and Broadcasting Freedom (CPBF) has proposed that:

There should be a radical overhaul of the structures of accountability within broadcasting. In the short term this could mean adopting the widely supported proposal that appointments to the Boards of Governors of the BBC and ITC should be subjected to approval by a Parliamentary committee. There should also be consideration of more fundamental long term reforms which extend accountability throughout the system. The CPBF, without specifying a precise method, believes this could be in the form of a series of Boards to control broadcasting operating at a regional and national level which could replace the present BBC and ITC Boards of Governors. Membership of some or all of these Boards could be determined by election

(CPBF 1996).

The leading centre left policy 'think tank', the Institute for Public Policy Research (IPPR), stated in 1995 'The BBC should be able to pass the Berlusconi test... governors should be elected, their role clarified and the results of their deliberations made public.' (Collins and Purnell 1995: 2) and included among some specific proposals for improving BBC governance, election of the Governors to make them more responsive to the public (as well as separating the BBC's commercial and public service elements to improve efficiency and

reduce conflicts of interest and strengthening the BBC's editorial and journalistic independence of Government).

IPPR proposed a new governance structure which would identify the BBC's Governors as a supervisory board responsible for defining the BBC's strategy and objectives and for ensuring the BBC's management discharged satisfactorily the Governors' mandates. IPPR considered that Governors should be elected to their office, perhaps by an electoral college drawn from three constituencies: first, a group nominated by broadcasting societies (an institution borrowed from Dutch public service broadcasting governance), second a group nominated by the House of Commons Select Committee responsible for broadcasting, third a group elected by regional advisory boards. The electoral college would elect, say, twelve Governors paying attention to their representativeness. Governors would keep in touch with and be guided by public views identified through active processes of consultation and deliberation – such as citizens' juries.

But the voices of the CPBF and IPPR remain marginal voices. However, Parliament, though not advocating the direct democracy canvassed by CPBF and IPPR, has proposed more effective independent scrutiny of the BBC and improvements to its accountability to Parliament. During the current period of BBC Charter review (2004–6) both the House of Lords and the House of Commons charged Select Committees with review of the BBC. Their reports (see House of Commons Select Committee on Culture Media and Sport 2004 and House of Lords 2005) separately recommended separation of the functions of regulation, management and governance of the BBC, improved arrangements for the BBC's accountability, more effective Parliamentary scrutiny of the BBC (notably by replacing the BBC's Charter by a BBC Statute). The House of Commons was particularly vigorous in its dissatisfaction with BBC governance (authorisation) arrangements:

the constitution of the BBC is unworkable and out-of-date in the light of developments such as: evolving governance elsewhere in both public and private sectors; economic and technological developments in the wider broadcasting ecology; changing audience, and licence fee payers' expectations; devolution; the establishment of Ofcom; and the findings of the recent Hutton inquiry. It is unarguable that the BBC governance has evolved extremely slowly over the years with the Corporation itself citing significant innovation only in 1972—separate meetings of the Governors and the executive—and 1997 when the Governors' precise functions and duties were set out in the Charter for the first time, 70 years after establishment. What is clear is that the BBC Governors' dual role, as simultaneous champions and regulators of the Corporation, is, as the Secretary of State told us: 'unsustainable'

(House of Commons Select Committee on Culture Media and Sport 2004: 3)

The Commons identified four key issues: increasing accountability, overhauling 'creaking' governance structures, defining the scope of BBC's public service remit and funding (House of Commons Select Committee on Culture Media and Sport 2004: 3–4).

The House of Commons Select Committee in its report 'A Public BBC' (House of Commons Select Committee on Culture Media and Sport 2004) strongly advocated greater transparency and open-ness in the BBC and recommended that the BBC should seek proactively the views of the public and foster: 'a new culture of openness at the BBC, and rigour among the BBC Governors, leading to a wholesale renewal of the Corporation's reporting of its performance, and added value'.

In response to such comments, the BBC has significantly improved its interfaces with its users in accordance with its acknowledgement that 'accountability and transparency needed urgent and radical attention' (BBC 2005a: 57).

***BBC measures to improve downward accountability (BBC 2005a: 57–58)***

- The Governors now regularly commission research independently of management.
- The Chairman regularly engages in phone-ins with the public as part of the Charter Review consultation.
- National Governors engage in a full programme of open, consultative meetings with licence fee payers.

Plans are also well advanced for other significant accountability initiatives:

- A website for the Governors has been launched. Over time, the BBC claims, the website will become a focal point for consultations with the public and for public interaction with the Governors.
- Following launch of the BBC annual report, the BBC Governors held an ‘AGM’ over several sites around the UK, and involving both direct and virtual interaction.
- Governors’ minutes are published on the website.
- Service licences will be underpinned by a fuller understanding of audience expectations. The BBC accepts that, where major decisions are taken, deliberative research has an important role.
- The BBC is committed to publishing all research commissioned by the Governors.

Nonetheless, in spite of the Governors’ renewed commitment to openness, the BBC is effectively insulated from formal accountability to outside bodies – either upwards (eg to Parliament, via establishment by statute, subject to audit by the National Audit Office etc) or downwards, whether via election of governors and/or advisory committees and/or the possibility of individuals lawfully exiting from their obligations to fund the BBC.

What fills the gap left by inadequate systems of representation? The ‘democratic deficit’ is mitigated by the BBC’s use of three sources of information about its users’ preferences and values: audience research, advisory bodies and viewer and listener complaints.

**Audience research, consultation and polling**

Given that the public does not have the power of exit or voice (and, in their absence, loyalty means little) the BBC has identified four main means of securing an understanding of public (and those of its audiences in particular) preferences.

***BBC Feedback from the public***

- Audience research and polling. This is the primary role of Audience Research within the BBC.
- Consultative and advisory bodies around the UK.
- Public consultation.
- Audience feedback: The BBC receives regular, spontaneous feedback from its audiences as well as inviting contact with them through its solicited contact service - BBC Information.

Extracted from source: James Holden: BBC News research manager at: [http://news.bbc.co.uk/newswatch/ukfs/hi/newsid\\_4070000/newsid\\_4075100/4075157.stm](http://news.bbc.co.uk/newswatch/ukfs/hi/newsid_4070000/newsid_4075100/4075157.stm) on 7.1.2006.

The BBC receives regular data on audience behaviour and attitudes via the continuing BARB (Broadcasters' Audience Research Board) and RAJAR (Radio Joint Audience Research) studies. It also undertakes *ad hoc* studies of viewer and listener attitudes and values addressing specific policy and governance issues.

The BBC is a founding member, and part owner, of the two major broadcasting audience research organisations BARB (for television) and RAJAR (for radio). BARB's research is interview and viewing meter based polling, RAJAR's is diary based. The BBC also continues to compile appreciation indices (based on responses from a 4,000 strong panel) as well as draw on the rating, reach and share findings of BARB and RAJAR. Data from these sources is continuously available and informs BBC programming and resource allocation decisions.

**Advisory Bodies**

The second of the three main sources (audience research, advisory bodies and complaints) of information about user preferences available to the BBC is the advisory bodies the BBC has established to guide its decisions.

The BBC Charter empowers the BBC to establish advisory bodies and states:

The Corporation may from time to time appoint persons or committees for the purpose of advising the Corporation with regard to matters connected with the broadcasting services, programmes, business, operations and affairs of the Corporation. Each such person or committee shall be appointed with reference to such matters and on such terms and conditions as the Corporation may decide

(DNH 1996: 9)

The BBC regards its National Broadcasting Councils (for Northern Ireland, Scotland and Wales) and the English National Forum as a 'valuable accountability mechanism' and as 'a direct channel of public opinion into the BBC' (BBC 2005a: 58).

Additional advisory bodies include the English Regions Accountability Network<sup>32</sup>, The Central Religious Advisory Committee and The World Service and Global News Consultative Group. Formerly, the BBC had a General Advisory Council (GAC). But this is no longer in existence. However, National Broadcasting Councils for Scotland, Wales, N Ireland and England remain and debate programme and corporate issues, set annual objectives and provide comments and reports on progress. There's also a council on the World Service and a Religious Advisory Council.

David Hutchison, a former member of the BBC General Advisory Council from 1988–1996, believed that the GAC was in practice ,not very effective though an effective, more open, representative and consultative, GAC would be desirable (interviewed by author 2004). For Hutchison, there was no real engagement between BBC Management and the GAC – when the GAC identified an issue for discussion, he stated that, BBC Management presented a performance to demonstrate their competence rather than engaging with the issue. Hutchison further stated, ‘broadcasters were rarely comfortable with being called to account’. Moreover, the GAC was unwieldy (with c 35 members). The GAC model does not, Hutchison argued, chime with the new model of marketized broadcasting in which managers require consultants and audience researchers rather than representatives of the public. The GAC received information on the number of complaints to the BBC and helped to shape and improve complaints procedures but were never strongly connected to complainants, nor did the GAC take complaints as a driver for its concerns. How far these deficiencies were peculiar to the GAC (if so suggesting that the BBC was right to disband the GAC) or are shared by the surviving advisory bodies would be an interesting matter for research.

## Complaints

The third source of information about user preferences available to the BBC is the complaints made by viewers and listeners about BBC services. The BBC states that complaints handling is ‘one of the most important demonstrations of its commitment to serving the public interest’. Its complaints procedures have recently been overhauled in recognition of past imperfections and the new system incorporates:

- A new code of practice.
- Target response within ten working days of receipt of complaint.
- Appeal to the BBC Editorial Complaints Unit if not satisfied.
- Appeal to the BBC Governors’ Programme Complaints Committee (GPCC) if not satisfied.

The BBC has also established internal systems so that awareness of complaints and lessons learned are appropriately disseminated within the BBC.<sup>33</sup> Internet access to take forward a complaint is one click from the BBC home page at <http://www.bbc.co.uk/complaints/> .

Complainants to the BBC may also complain to Ofcom **except** where the complaint concerns impartiality, inaccuracy and some commercial issues. In such cases jurisdiction remains with the BBC. Ofcom’s complaints procedure is clearly set out at: [http://www.ofcom.org.uk/advice/contact/tv\\_radio/](http://www.ofcom.org.uk/advice/contact/tv_radio/) where hypertext links to appropriate external sites (though not, it appears, to the BBC site) and relevant Ofcom information are identified<sup>34</sup>. There may be room for some minor changes in the BBC’s and Ofcom’s complaints screens (eg to facilitate cross access by potential complainants and to identify the time limits within which each body works. This is a material concern for Ofcom will only accept complaints not more than 3 month after the event for TV and 6 weeks after the event for radio), however, overall both seem to be good sites which are likely to serve potential complainants well.

### **Room for improvement to the complaints systems?**

It is too soon to evaluate the new BBC system, commissioning of which took place whilst an exceptional volume of complaints (c65, 000), arising from the BBC's screening of 'Jerry Springer – The Opera' on January 8<sup>th</sup> 2005, were being handled. However, for those with Internet access, submission of complaints to the BBC now seems straightforward and the BBC transparently reports the volume and outcome of complaints' (see, for example, BBC 2004: 78–9). But whether submission and monitoring of the progress of a particular complaint is sufficiently clear and accessible for those without Internet access is less certain.

Nonetheless, whilst it's important that complainants should **first** address their complaints to the organisation which is the subject of complaint (not least so that it can understand how its outputs are received and perceived) the split between the BBC's and Ofcom's responsibilities for complaints handling may be unhelpful and confusing to complainants. Moreover, because Ofcom will not consider complaints about programmes more than six weeks (radio) or three months after transmission (television), there may be a danger of complainants running out of time and being unable to complain to Ofcom if their complaint is first submitted to the BBC. There does not appear to be a warning to this effect on the BBC website. However, the BBC does not seem to benchmark its complaints handling against other organisations.

In 2003–4 the National Audit Office surveyed 277 government organisations to identify practices and procedures in investigating complaints and providing redress (NAO 2005). The NAO found significant and pervasive weaknesses in official bodies' complaints handling and redress procedures. The BBC was not included in the NAO study so it is not possible to identify how well, or badly, it performs in comparison to other public bodies in the UK. Moreover, although the BBC has established new internal systems, so that awareness of complaints and lessons learned from them are appropriately disseminated within the BBC, it's uncertain how effective these have been. For example, the Advertising Association (2005: 6) stated that 'it has been unclear that there has been any subsequent change in [BBC] editorial policy as a result'.

Authorisation of the BBC's activities is thus undertaken by Government (through setting the level of the licence fee and thus of BBC finance, approval of new services, and appointment of Governors), by the BBC's Governors (who ensure the licence fee is spent in accordance with the BBC's mandate, regulate the BBC's fair trading and the accuracy and impartiality of its broadcasts) and by Ofcom (which has powers to regulate – though with some important lacunae<sup>35</sup> - the BBC in respect of competition, BBC content – except where the BBC's Governors are so charged – and to fine the BBC up to £250,000).

## **Creation of Public Value**

### **Role and public service remit of the BBC**

Organising to create public value requires that public value is defined – or at least that those charged with making it have a sense of what they are aiming for and know it when they see it. Public value seems the latest term used during the 80 year or more snark hunt for a definition of what the BBC is supposed to be doing. Definition of each of the successive terms used, public service broadcasting, citizen value, public value has proven fugitive and many have echoed Gavyn Davies and his panel who, effectively, threw their hands up in the air and stated that though they could not 'offer a tight new definition of PSB' they were confident they 'knew it when we saw it' (Davies 1999 p 10).

***The BBC's UK broadcasting services.***

**Television.**

BBC1  
BBC2  
BBC3  
BBC4  
CBeebies  
CBBC  
BBC News 24  
BBC Parliament.

**Radio**

Radio 1  
Radio 2  
Radio 3  
Radio4  
Radio5  
Radio5 Sports Extra  
1 extra  
Radio6  
Radio7  
Asian Network  
BBC Local Radio (40 stations in England),  
BBC Radio Foyle and BBC Radio Ulster.  
BBC Radio Scotland BBC Radio Nan Gaidheal,  
BBC Radio Wales and BBC Radio Cymru.

**Online.**

BBC.co.uk  
BBCi  
The Digital Curriculum.

Yet a better definition than that of knowing it when one sees it is required if only because, as Davies stated, 'Too often the BBC in effect behaves as if public service broadcasting is everything the BBC chooses to put out' (Davies 1999: 139). The difficulty is centred on the issues signified by the terms 'citizen value' and 'merit goods'. Conceptually, there are few problems in defining the task of delivering 'consumer value' (though doing so in practice may be challenging) – as long as viewers and listeners listen and watch in sufficient numbers and express sufficient appreciation (and conventional audience research techniques are adequate to assess this sort of user behaviour and sentiment) then it can reasonably be assumed that the task is being done.

Important second order issues may arise – is the job being done efficiently? should the public sector be doing a job which could effectively be done by the private sector? is it right that consumer value is funded by a compulsory subscription? And so on. But the primary question



is capable of being simply resolved. Not so when ‘citizen value’ is concerned. Who is to judge whether society’s interests are served and served sufficiently? If people don’t know what they want or need who does and what assurance can there be that the BBC, whether Governors, senior management or programme makers, is a good enough judge of such matters? And can the provision of citizen value/public value/public service broadcasting effectively be combined in a single organisation with the tasks of delivering consumer value and with hitting the commercial targets with which government has charged the BBC?<sup>36</sup>

There are two further areas of difficulty. First, that of proportionality. If a commercial broadcasting market won’t provide sufficient citizen benefits/merit goods/public value (and few doubt that some level of public intervention is required to redress this market failure) then how much intervention is required? Too little and society and its citizens are underserved, too much and possible alternative providers are ‘crowded out’ (with adverse consequences for pluralism and perhaps for efficiency, diversity and innovation too). It is a version of the Goldilocks problem – how are we to know whether a specific level of intervention is too much, too little or just right? And because of this dilemma that it is imperative that the BBC understands the citizens in whose interests it operates. It’s striking that at a time when commercial provision of key elements of what the BBC has defined as its contribution to creation of public value has grown (Artsworld, Sky News, Bloomberg News, Discovery Channel etc) so too has the BBC grown.

The second area of difficulty is that arising from changes in the BBC’s organisational structure and procurement arrangements: in the name of efficiency, diversity and innovation an increasing amount of BBC programme production has been outsourced (so too with some inputs to the remaining in house production). In consequence, broadcasters’ careers have become ‘portfolio careers’. Working for the BBC is less and less a lifetime commitment, a vocation, and more and more a way station in a career spent as much, or more, in the commercial as in the public sector with a consequential change in corporate values and ethos. Some such change may well be healthy but change on the scale that now obtains perhaps risks loss of a public service broadcasting ethos (see the Work Foundation’s ‘Tipping Point’ analysis [Work Foundation 2005]). And herein lies one of the most positive aspects of the BBC’s embrace of the notion of public value: public value doctrines promise a way to revivify a diminished public service commitment and ethos.

### ***Five types of Public Value***

The BBC has identified five main types of public value which it supports:

- *Democratic value:* the BBC supports civic life and national debate by providing trusted and impartial news and information that helps citizens make sense of the world and encourages them to engage with it.
- *Cultural and creative value:* the BBC enriches the UK's cultural life by bringing talent and audiences together to break new ground, to celebrate our cultural heritage, to broaden the national conversation.
- *Educational value:* by offering audiences of every age a world of formal and informal educational opportunity in every medium, the BBC helps build a society strong in knowledge and skills
- *Social and community value:* by enabling the UK's many communities to see what they hold in common and how they differ, the BBC seeks to build social cohesion and tolerance through greater understanding.
- *Global value:* the BBC supports the UK's global role by being the world's most trusted provider of international news and information, and by showcasing the best of British culture to a global audience

(BBC 2004: 8).

### **Measuring Public Value**

Public value should not be seen as a broad justification for what the BBC does, but as a practical test that can be applied by the BBC itself, by its Governors and by the public, to decide what to do - and how well it does it.

(BBC 2004: 8)

Measurement of public value is a necessary pre-condition to effective accountability of public bodies. The category 'measurement' points to two important aspects of public value: first, the importance of output (public sector bodies shouldn't exist for themselves but for the value they provide to the public) and, second, the potential of measurement systems to skew what's actually done, to hit the target but miss the point. As Holden observes of the cultural sector in general, and here his arguments reprise familiar public value themes, cultural value cannot be fully captured in a casting up of economic or monetary value accounts. Right across the public sector, he claims,

there is disquiet that ways of demonstrating benefit have become tortuous, employing 'complicated and contested assessments of causation'. Worse still, 'those things that [are] easy to measure tend to become objectives, and those that [are not, are] downplayed or ignored'. This presents a particular difficulty for the cultural sector, where much of what is done is not 'easy to measure'

(Holden 2004: 17).

However, free to air broadcasting poses particular problems which seldom apply to other parts of the cultural sector. For example, listeners and viewers are not able to use price as a signalling and accountability system. This general problem of broadcasting manifests itself specifically in the case of the BBC as an inability of television viewers to effect a lawful exit from their relationship with the BBC (unless they are prepared to forego all consumption of television). Radio listeners are differently but no less thoroughly disempowered: those who are not also television viewers have no financial relationship with the BBC and those, the majority, who are also television viewers (and so licence fee payers), have no radio specific relationship. Accordingly, *ad hoc* audience research becomes an important means for the BBC to discover the views of its user base. But the BBC, of course, determines the questions users are asked, decides whether findings are to be published and can influence the presentation and interpretation of findings. As suggested earlier in this paper, audience research is a poor substitute for either or both exit and voice.

### Measuring attitudes – what’s the public willing to pay for the BBC?

Given that the White Paper identifies “the value licence fee payers would place on the service public value” as one of the key constituent elements of public value (DCMS 2006: para 5.3.10) assessment of viewers’ and listeners’ willingness to pay becomes a key issue for public value. Both the BBC and Ofcom have attempted such assessments. The BBC assessed viewers’ and listeners’ willingness to pay for its services in its study “Measuring the value of the BBC” (see BBC and Human Capital 2004b) and Ofcom also did so in its review of public service television (see Ofcom 2004a).

The headline finding from the BBC study was that 81% of those polled thought the BBC worth the (then) £121 licence fee. The BBC understandably took satisfaction in its cup being 4/5 full though others may be disquieted by the 1/5 that was empty – the 20% who were dissatisfied. For the dissatisfied have no lawful means of exit from their relationship with the BBC (short of ceasing to watch TV entirely – a decision that would deny those doing so access to a key social institution which accounts for more than 26 hours of the average person’s weekly leisure time).

#### *BBC Income and Expenditure on UK services 2004/5.*<sup>37</sup>

BBC Licence Fee Income	£2940.3m
Expenditure on UK TV	£1669.7m
Expenditure on UK Radio	£362.9m
Expenditure on UK Online	£94.6m

The BBC’s research distinguished between respondents’ sense of the ‘consumer’ value of BBC services and their ‘citizen’ value. The research (BBC and Human Capital 2004b: 18) suggests that respondents identified the total average value of the BBC to society as within a monetary range of £20.70 and £23.50 pm with average ‘consumer value’, ie the value to them as individuals, identified as within a range of £18.35 and £18.70 pm.

Total Value attributed to BBC services	Consumer Value attributed to BBC services
£20–70 to £23.50	£18.35 to £18.70

The BBC interpreted this finding as showing respondents' readiness to pay more than twice the level of the licence fee which obtained (c£10 per month) when the research was undertaken. There seems no reason to doubt these findings, but the comfort afforded by the tolerance of the **average** respondent is undermined by the potentially worrying falling off of support for licence fee increases by significant numbers of respondents. Reference to 'average' masks the effect on the average exerted by the minority respondents who were willing to pay very high licence fees. For example, 38% of respondents were prepared to pay a licence fee of between £30 and £60 per month for BBC services. Only 60% were willing to pay a fee of £15 pm (which, if the Government's inflation target of 2% is achieved year on year and the BBC succeeds in securing its 2005 licence fee bid of RPI +2.3%<sup>38</sup>, may be required during the next Charter cycle). And only 42% were willing to pay £20 per month (which equates to than twice the level of the licence fee which obtained when the research was undertaken). The research does indeed suggest that more licence fee payers than not are willing to pay double the licence fee but this average is skewed by the numbers who expressed their preparedness to pay considerably more than double – up to £30, £40, £50 and £60 pcm. At a figure somewhere between £15 and £20 per month willingness to pay that level of licence fee falls to fewer than 50%.

There's room for some scepticism about these findings (though they are probably the least worst available) both because of the uncertainties about the robustness of the methodologies and assumptions which underpinned their implementation (about which the study is refreshingly open) and because of some counter-intuitive findings. For example, respondents attributed a higher value in relation to costs in respect of the BBC's digital television services (which together achieved a 2.2% share of television viewing in 2004/5 – BBC 2005: 138) than they attributed to BBC national analogue radio services (BBC and Human Capital 2004b: 22) which accounted for 42% of all radio listening in the same period. It is admittedly hard to compare relative cost/benefit relationships between radio and television but, given that the costs of the BBC digital television channels exceeded the costs of national radio services (compiled from data at BBC 2005: 106), respondents' finding that the cost/benefit comparison favoured digital television rather than national radio seems surprising.

A variety of conclusions might be drawn from this data which perhaps suggests that too much weight should not be placed on the findings of polls such as those which informed 'Measuring the value of the BBC', indeed the BBC themselves have not reallocated funding towards the services that the public deemed more valuable. For example, we might conclude that what people say may be different to the way they behave. Or that people are altruistic – their support for BBC digital television (as compared to analogue radio) may have reflected their altruistic approval that the weight of BBC digital television funding was directed to children's (£49.7m) and news (£22.9m) services. Though if so, this sentiment might be thought somewhat ill founded given the weight of funding (at £92.9m more than one a quarter times that devoted to news and children's services) received by BBC 3, the best funded of the BBC's digital television services.

Ofcom has also undertaken research on viewers' willingness to pay the television licence fee as part of its review of public service television broadcasting (Ofcom 2004, 2004a and 2005).

Ofcom offered an important critique of the BBC's research methodology (that is of contingent value analysis – see Ofcom 2004a: 50) and adopted different, qualitative, methods for its own enquiry (which it acknowledged were also open to methodological objections). Broadly, Ofcom found public willingness to support funding for PSB at a level between £121 and £150 a year. Ofcom interpreted this to mean support for standstill funding of PSB television – that is at 'broadly the same as today in real terms' (Ofcom 2004a: 51). Ofcom also found (Ofcom 2004a: 49) that 43% of respondents did not believe the BBC to deliver good value for money (though 46% thought the BBC did provide either fairly good or very good value for money). The differences between the BBC's and Ofcom's findings suggest that the conclusions drawn from research about public attitudes should be treated with some caution since results may depend on the framing of questions and choice of research methodology as well as on actual public sentiment. Yet, the successful implementation of public value doctrines depend on a well founded understanding of users' wishes for, as Holden observes (2004: 42) 'one dimension of culture is always subjective, that is, it lies in the experience and perception of the 'user', this point is fundamental to the way we think about evaluating and funding culture through public means.'

The BBC's own research on willingness to pay is illustrative of an important and intriguing theoretical conundrum to which 'Measuring the value of the BBC' points. It, bases its conclusions and thus the case it makes for the legitimacy of the BBC on what the BBC's users (for whom the respondents are a proxy) say. It deems them responsible and competent judges of their own and society's interests. Yet some of the most powerful arguments formerly presented to support the BBC's legitimacy and its allocative decisions reject popular judgement as a basis of legitimacy (as does Holden's notion of 'intrinsic' cultural value – as he has recognized).

Reith's canonical definition of the BBC's vocation is an outstanding case in point:

the responsibility as at the outset conceived, and despite all discouragements pursued, was to carry into the greatest number of homes everything was best in every department of human knowledge, endeavour and achievement; and to avoid whatever was or might be hurtful. In earliest years accused of setting out to give the public not what it wanted but what the BBC thought it should have, the answer was that few knew what they wanted, fewer what they needed

(Reith 1949: 101)

Reith's viewpoint has continued to inform BBC regulation and practice, in varying degrees, throughout the BBC's history. In this respect the BBC reflects a general problem of public sector bodies – patients not always the best judges of their own interests (if they were doctors wouldn't be needed), students are thought (whether correctly or not) to know and understand less than those who teach and assess them, police are empowered to require people to do what they don't want to do and so on. In all these instances the power of professionals over the public is bounded and regulated, nonetheless this power is intrinsic to their public offices.

### **Citizen and Consumer Value – social capital**

The research also showed that the 'citizen value' respondents found in BBC services was rather small in comparison to the 'consumer value' they identified. As the BBC recognized:

we established that the difference between the total value and the consumer value could be identified as citizen value, it is not clear that this figure adequately represents the sum total of all the citizen value created by the BBC. It appears that some of the citizen value is buried within people's perceptions of the consumer value

(BBC and Human Capital 2004b: 13).

Or perhaps, rather than citizen value being underrepresented, this time respondents got it right – actually, the BBC's spend on citizenship is relatively low. As the BBC acknowledged in 'The BBC's contribution to informed citizenship', expenditure on the 'accurate, impartial and independent journalism' (BBC 2004a: 2) which it nominated as its principal contribution to informed citizenship amounts to only 18% of the BBC's licence fee funded expenditure (BBC 2004a: 3).

However, another plausible conclusion is suggested by the genre analysis in 'Measuring the value of the BBC'. This reveals that, when asked to classify programme genres in terms of their contribution to citizen and consumer values, respondents identified few differences. For example, the same types figure in seven of the top ten programme genres in each category (though in a different order). News is the highest rated genre in both categories. However, when citizenship considerations come first, current affairs, education and consumer programmes displace three genres, British drama, US film and Blockbuster movies, from the top ten listing (see figs 18 and 19, BBC and Human Capital 2004b: 25). Ofcom, through its research for its Review of public service television broadcasting, came to a similar conclusion. Ofcom's respondents found television news to be of equal societal and personal importance, serious factual programming to be of greater personal than societal importance, sport to be of greater societal than personal importance and arts and classical music to be of greater personal than societal importance (Ofcom 2005: 43).

Respondents' lack of readiness to distinguish clearly and comprehensively between citizen and consumer value chimes with the arguments put forward in another study undertaken for the BBC: Martin Brookes' study for the BBC and the Work Foundation on broadcasting and social capital (Brookes 2004). The BBC's summary of Brookes' findings stated that 'Producing popular programmes that are watched and talked about should be regarded as a valuable component of public service broadcasting and important to preserving and building the social capital of the UK'

([http://www.bbc.co.uk/pressoffice/pressreleases/stories/2004/05\\_may/06/social\\_capital.shtml](http://www.bbc.co.uk/pressoffice/pressreleases/stories/2004/05_may/06/social_capital.shtml) on 7.1.2006).

It might be thought that Brookes' argument proves too much. If 'popular' (or 'watercooler' programmes as Brookes also characterized them) programmes, those that are watched and talked about, build social capital and have citizenship value, then commercial broadcasters achieving high ratings are no less powerful (and if more popular, more powerful) agents of social capital creation than are BBC programmes. In Brookes' scheme of things, the distinction between consumer and citizen value falls away: any programme that achieves high ratings builds social capital by providing the many, rather than the few, with something to talk about. Moreover, Brookes' thesis presents another intriguing paradox – he claims that television in the UK builds social capital whereas Robert Putnam, the pope of social capital studies, identified television as a major enemy of social capital in the USA (see Putnam 2000). It's hard to see why Brookes' argument that much watched programmes build social capital should not be as true of the United States as he claims it to be in the UK.

Nonetheless, this conundrum lends force to Brookes' findings and both suggest that distinguishing between citizen and consumer value is not straightforward.

Holden (2004) attempts to address this problem in a somewhat different way. He distinguishes between economic value which can, as can consumer value, be measured in the market place and value which is not captured by price. He states 'Current forms of impact measurement are necessary, and they need to be improved, but they can never be sufficient' (Holden 2004: 21). Holden acknowledges that though something (perhaps much) lies beyond economic value that something is hard to specify let alone quantify. In consequence 'a growing sense of unease pervades the cultural sector as it sets about justifying its consumption of public money' and the cultural sector justifies itself in terms of what Holden

later calls its 'instrumental value'; 'Instead of talking about what they do – displaying pictures or putting on dance performances – organisations will need to demonstrate how they have contributed to wider policy agendas such as social inclusion, crime prevention and learning' (Holden 2004:13).

In pointing to what lies beyond economic and instrumental value, Holden refers to the 'intrinsic value' of culture (which he distinguishes from the 'instrumental' value of culture). Yet here too there are difficulties for the concept of intrinsic value, something analogous to the values Reith invoked as 'everything was best in every department of human knowledge, endeavour and achievement' (Reith 1949: 101) and which were cited earlier,

is open to challenge on the grounds that it is a reversion to patrician and patronising attitudes. We will decide what has intrinsic merit and you will take two teaspoons a day. Whether wrapped in the language of 'excellence' or 'complex culture', the Arnoldian, mandarin flavour is undisguisable

(Holden 2004: 25).

Proponents of public service broadcasting and defenders of the BBC often tend to trash the term 'consumer' on the grounds that the term 'consumer' betokens a view that price will take care of everything and that price and value are the same. This is not the case. For not only is much discussion of broadcasting economics informed by the understanding that market power is often unevenly distributed but the theory of a well functioning market assumes substitutes are readily available. Whereas media and information markets are customarily markets for non-substitutable goods: there is only one 2005 Ashes DVD, only one Blondie, only one Dawn Upshaw and so on). Furthermore it assumes that consumers are well informed – but often they are not.

The problems of market power and information deficit provide a potential basis for advocacy, not anathematisation, of public service broadcasting because the public service broadcaster may mitigate excessive concentrations of market power, and information deficits lead to demand for trusted third parties and thus to opportunities for the BBC. Gavyn Davies cogently put these arguments in his essay 'The BBC and Public Value' and pithily observed that 'economics is not simply about what can be measured in market exchanges, but is also about all those things which cannot be so measured. .... The causes of market failure form the core justification for public intervention' (Davies 2005: 130).

Moreover, the perception that the term 'consumer' betokens a simple purchaser/provider relationship in which all conflicts of interest can satisfactorily be resolved by price misrecognizes a body of consumer theory and advocacy which provides a positive value set for production of public value. Consider Jenny Potter's (1988) five basic principles of consumer interest: information, representation, redress, choice and access. These provide a more finely differentiated set of evaluative criteria than Hirschman's. In assessing the extent to which consumers' interests are realized, Potter asks how far the following are available to consumers:

- **access** to services
- **choice** between different services
- **information** about services
- **redress** if services are not properly provided
- and the means to **represent** their needs and interests to service providers.<sup>39</sup>

Potter's model is obviously compatible with Hirschman's exit, voice and loyalty model: Potter's **choice** embraces Hirschman's **exit** and Hirschman's **voice** includes Potter's **representation**. But neither public nor commercial broadcasters satisfy all Potter's criteria. However, the BBC does satisfy, at currently affordable prices, the criteria of **access** to services and **choice** between services. It also provides **information** about services but neither **redress** nor the means to **represent** user needs and interests (except insofar as complaints handling provides a means of representation). Moreover, there are no means, within either Ofcom's or the BBC's procedures, for complainants to secure **redress**. In *Peck v UK* 2003 (which concerned broadcasting of CCTV footage of a private act) the court found that

the lack of legal power.... To award damages..... means those bodies could not provide an effective remedy.... The ITC's power to impose a fine on the relevant television company does not amount to an award of damages

(*Peck* para 109. 36 EHRR 41).

Ofcom is the legatee of the ITC's responsibilities in this respect and has, under the CA 2003, strictly limited powers to fine the BBC but this does not, as the court found in *Peck*, amount to redress. What of citizenship?

### **What is citizenship?**

Tessa Jowell (2006: np), the Secretary of State for Culture Media and Sport (and thus the Minister responsible for the BBC), stated that 'public value hasn't yet been properly defined'. She also laid out a further challenge to definition stating 'We will also have to try and clarify the murky concept of what it means to be a citizen, much, much more than being just a consumer'. Definitions of citizenship are, of course, legion (though Gavyn Davies' provocative account of it as 'simply a particular type of externality' [Davies 2005: 134] should not go unremarked and unmemorialized). But the BBC has defined informed citizenship and its contribution to fostering informed citizenship in the UK as:

The BBC's contribution to informed citizenship refers to those of the BBC's activities that are designed to help equip the public with the knowledge and capability necessary to act as informed citizens, through:

- Providing accurate, impartial and balanced coverage of news and current affairs in order to help the public make informed choices
- Reporting the proceedings of the political process in the UK and internationally
- Stimulating the public debate on a range of social, political and other current affairs issues

(BBC 2004a: 2).

The BBC identified 'accurate, impartial and independent journalism' (BBC 2004a: 2) as its principal contribution to informed citizenship and also described its aim to 'engage everyone in the UK with impartial and accurate news and information' as 'the single most important justification for the licence fee' (BBC 2004a: 7). However, this contribution accounted for 18% of the BBC's licence fee funded expenditure (BBC 2004a: 3) though, of course, the 18% is 18% of a growing pot and the BBC's output of news and current affairs and the number of different stories covered have grown (BBC 2004a: 33).

The BBC's journalistic accuracy was, as is well known, emphatically criticised by Lord Hutton (2004 see also O'Neill 2004). And Robertson has claimed that 'almost all the most important exercises in investigative journalism have been books and newspapers' and that



‘Today BBC and ITV ‘news’ is more often a beat up of what is in the newspapers, or what is covered at greater length by CNN or Sky’ (Robertson and Nichol 2002: 775).

Moreover, the BBC’s definition of ‘news’ has also been subject to persuasive critique by Barwise who observed that the BBC’s ‘Liquid News’, is ‘a celebrity gossip show’. BARB categorized ‘Liquid News’ as entertainment though the BBC regards it as news (Barwise 2004: 43, 44 and 45). The BBC also cites its programme ‘Liquid Assets’ as a programme contributing to its informed citizenship mandate (BBC 2004a: 62). The BBC website trails this programme thus:

Just how rich is rich? Find out as we investigate the finances of the flush and famous. Series Two looks at the bank balances of Kylie, Keanu, Chris Evans, Justin & Britney, Brad and Jen, J Lo, Cameron Diaz, and the Governor himself, Arnold Schwarzenegger

<http://www.bbc.co.uk/bbcthree/tv/liquidassets.shtml> (16.11.2004).

It seems that though central to the current broadcasting policy debate and to formation of policy on public service broadcasting the concept of citizenship remains a somewhat numinous category.

Nonetheless, the term ‘citizenship’ opens up a different route to a consideration of ‘public value’ than that I have thus far followed. Instead of considering public value theory as a specific doctrine rooted in Mark Moore’s ideas and mediated to the UK through Kelly and Muers’ work for the Cabinet Office, public value might be considered in a looser, less specific but literal sense as a matter of what the public values as both Davies’ (2005) and Hewison and Holden’s (2004) discussions of public value suggest.

It’s clear from both the BBC’s own research and Ofcom’s public service television review that the UK broadcasting public not only values what it likes, ie consumer value, but also what’s good for society as a whole, citizen value (though the ability to distinguish between the two may be more developed in broadcasting policy makers than in television viewers). And successful supply of broadcasting services that provide viewers and listeners with what they like and what they think good for society as a whole does not depend on adoption of Mark Moore like public management practices. Though Mark Moore like public management practices may well assist in the efficient and effective delivery of such services.

The weight of evidence, not least the absence of much mention of Moore in the major documents of contemporary UK broadcasting policy<sup>40</sup> published by the BBC, DCMS and Ofcom, suggests that the category ‘public value’ is more often used in the loose and literal sense of something valued by the public than it is as a referent to Moore’s specific doctrine of post NPM public management. Ofcom’s public service television review (Ofcom 2004, 2004a and 2005), the BBC’s ‘Building Public Value’ (BBC 2004) and the DCMS’ Green Paper (DCMS 2005a) all approach the question of public value by attempting to define the social, citizenship, objectives/purposes/drivers of public service broadcasting. All three bodies’ definitions converge in a ‘fuzzy match’ of concepts but do not readily lend themselves to summary or tabular presentation.<sup>41</sup> However, all raise the question of how delivery is to be assessed – that is the question of measurement of public value.

### **Measuring the unmeasurable**

Many of the key debates within broadcasting, or content production and distribution, depend on the ability to measure characteristics of broadcast content such as ‘quality’ and ‘creativity’. The debates get caught in the quagmire of trade offs between hard outcomes, like audience figures and production costs, and these less tangible concepts. For instance, while audiences

for some reality television shows may be large, some argue that their quality is inferior to that of other types of programmes such as traditional documentaries.

One consequence of the difficulty of defining public service broadcasting (or citizen value, or public value in broadcasting) is that many categories are invoked to reduce uncertainty about that which, to invoke again the Davies panel, definition is difficult but which can be recognized when seen. *Post hoc* categories such as innovative, quality, diversity, universality, independence<sup>42</sup> are customarily invoked and of these attributes of public service programming the terms quality and diversity are central. Though, curiously, diversity is not among the four public value ‘drivers’ (reach, impact, quality and value for money) of public value which the BBC has identified.

### **The four ‘drivers’ of public value: reach, impact, quality and value for money**

The BBC’s four ‘drivers’ of public value are reach, impact, quality and value for money. The National Audit Office assessed the BBC’s performance measurement system based on these criteria in 2005 (NAO 2005a). Broadly, the NAO endorsed the BBC’s proposals for implementing its new performance measurement system and commented that ‘the BBC is at the forefront of current thinking on this topic’ (NAO 2005a: 7). The NAO remarked, unsurprisingly in the early stages of implementation of a new scheme, that different divisions in the BBC were not wholly consistent in their application of the scheme and that some of the measures were ‘perception’ based (NAO 2005a: 2). It urged the BBC to ‘establish clear definitions of reach, quality, impact and value for money’ (NAO 2005a: 9). These definitions, and the indices which are associated with them, are currently under consideration in the Governance Unit and in the BBC. Much will depend on which specific Key Performance Indicators (KPIs) are devised in respect of each ‘driver’.

#### **Reach**

Reach is relatively easily measured using the standard BARB and RAJAR data (though, as Barwise noted, it’s important, and non-trivial, to have a consistent measure of reach). Barwise’s also cogently argued (Barwise 2004: 31) that, though reach is a ‘useful metric’ the BBC’s choice of reach as a driver is political (Barwise 2004: 30) and that share, rather than reach, is the crucial foundation of consumer value expressed as viewers, or listeners, per programme hour. However, **if** viewing and listening share is given appropriate emphasis as a component of the value for money driver.

#### **Impact**

Impact can be measured in a variety of ways, such as audience retention of concepts and information imparted in programmes, their recollection of programmes, scores in appreciation indices and the number and quality of awards and reviews received from independent arbiters. Though choice of indices is important, there seems no reason to question either the importance of impact as an indicator (or ‘driver’) or the ability of the BBC to identify and use appropriate indices.

#### **Quality**

Quality requires more sustained consideration for:

[quality is] the one issue in broadcasting that resists, more than any other, a definitive and rational answer (Mulgan 1990: 5).

Quality is, as Mulgan suggests, the most difficult criterion to define and his discussion, albeit more than a decade old, remains the most thorough treatment known to me. Quality is a key element in any merit good argument for PSB but has been tainted by use of the term to

‘legitimize, and disguise, the narrow tastes and prejudices of a small, metropolitan, cultural elite’ as Mulgan put it (1990: 5). Mulgan identifies seven types of quality in broadcasting.

*Mulgan's types of Quality in Broadcasting*

- Producer quality and professionalism
- Consumer quality and the market
- Quality and the medium's aesthetic
- Television as ritual and communion
- Television and the person
- The television ecology
- Quality as diversity

Seven different types of quality seem a lot. The more separate categories there are, the more difficult it is to establish and implement a workable performance management scheme - how can objectives be set and performance measured against so many criteria?<sup>43</sup> Moreover, none of Mulgan's seven types of quality are straightforwardly identifiable. However, we can simplify Mulgan's seven types of quality and reduce the number to four:

- **Producer quality and professionalism** – though implementation of a governance regime based on this conception of quality might be vulnerable to elite capture and special pleading, expert judgement and broadcasters' commitment to high standards are desirable and worth nourishing.
- **Consumer quality and the market** – what consumers want and what they judge to be good must have a very significant part in any policy for quality. However, at least some classes of consumers are not good judges of what's in their interest and so this conception of quality can't be the only type used in governance.
- **Television and the person** – this conception of quality recognizes that we must develop our competencies, rather than rely on innate faculties, if we are to live free and fulfilled lives. Broadcasting should be good for us, it should educate and its power and performance to do so is a legitimate criterion for assessment of its performance.
- **The television ecology** – broadcasting should be truthful. Even if consumers are fooled, and are happy to be so, mendacity is the enemy of quality. True, some kinds of mendacity may be unexceptionable, but only when known to be so, ('The Sunday Sport' headline - 'World War II Bomber found on Moon' is acceptable because we know 'The Sunday Sport' to be unreliable). Others, such as Sky News faking a report of a missile launch from a Royal Navy submarine during the 2003 US/UK invasion of Iraq, are not.

Truthfulness is a category that may be applied to one programme or utterance. Another criterion, bias, is also important and this implies assessment of a range of programmes or utterances. The BBC enjoys high levels of public trust, an achievement which is undoubtedly associated with its reputation for unbiased and truthful reporting eschewing a 'journalism of attachment'. The public trusts BBC news more than that of any other news provider (BBC 2004a: 45). The BBC has maintained this high level of trust. YouGov found<sup>44</sup>, in a poll

conducted in January 2005, that the BBC is ‘still the most trusted for news’ (though Sky News is more trusted than the BBC’s News 24).

Abundant testimony to the high levels of public trust in the BBC was evident at the time of the Gilligan affair and the subsequent Hutton enquiry when public sentiment inclined towards the BBC rather than the Government. However, Lord Hutton’s probe into the circumstances of the Gilligan affair revealed how some aspects of the BBC’s journalistic and editorial procedures had fallen short of the high standards on which public trust has been based. Others have observed that the BBC’s procedures fall short of those adopted by other highly reputed news organisations. Onora O’Neill (2004a), for example, has observed that:

Reuters have taken various measures to back their ‘Independence and Trust’ principles<sup>45</sup>, which include freedom from bias..... Their approach to self-regulation both prescribes standards and establishes certain structures and disciplines to support adherence to those standards..... They impose some routine disciplines on their financial journalists, by requiring them to declare shareholdings in companies on which they report to their managers, and to refrain from dealing in those shares during the time in which they report. Reuters’ journalists therefore face disciplines that those who work for the BBC.... do not face. Journalists and editors working for ..... the BBC do not routinely have to declare their interests, or their conflicts of interest to their managers (let alone their audiences) or to withdraw from broadcasting on topics in which they have a financial interest

These performance criteria refer to **programme quality**. But programme quality isn’t the only relevant locus of quality issue – another, for example, is technical quality of transmissions (though this is readily quantified and measured). However, it’s programme quality that’s particularly difficult to conceptualize and for which it’s particularly difficult to devise assessment criteria. However, the following could act as quality indicators:

- audience appreciation indices.
- peer review - eg TV and radio critics' assessments, prizes at international festivals.

These indices of quality are, not surprisingly, already used and also respond to the BBC public value ‘impact’ criterion. The public value test provides an instrument for their systematic use in project appraisal and resource allocation. But, as the issues identified by O’Neill indicate, a public value test may not be sufficient to ensure that the standards in which quality is founded are maintained at an appropriately high level. Although, on the other hand, the effect of implementation of the Neil Report (BBC 2004d) may strengthen the delivery of high quality broadcast journalism.

### **Value for money**

From time to time, the BBC’s financial performance has been the subject of commentary by external agencies such as the House of Commons Committee of Public Accounts (see *inter alia* House of Commons Committee of Public Accounts 2006). The most recent and extensive enquiry was that which the DCMS commissioned from PKF (DCMS 2006b) in connection with the BBC’s bid for licence fee funding from 2007. PKF’s findings suggest that the NAO’s observation that BBC

performance against the value for money driver has been assessed less consistently than the other drivers, with cost information not presented each quarter and in some divisions only at the end of the financial year making it more difficult to track performance

(NAO 2005a: 12)

is well founded.<sup>46</sup>

The NAO provides a succinct account of the BBC's implementation (albeit at an early stage) of its new performance management scheme and comments that 'the drivers of the framework - are becoming common currency in the BBC's thinking' (NAO 2005a: 19). It acknowledges that 'The BBC has made good progress in developing the performance measurement framework' (NAO 2005a: 1) and testifies to the challenges that remain: notably 'how to present the information in an understandable and manageable form given the volume of data involved. There are also technical challenges' (NAO 2005a: 21).<sup>47</sup> However the PKF study (DCMS 2006b) suggested that the glass which the NAO found half full might better be regarded as half empty.

### **Diversity – a missing driver**

The objective, or 'driver', of diversity is a curious omission from the BBC's list of four drivers of public value – indeed Barwise (2004: 95) specifically recommended that the BBC should consider formally measuring diversity (though he focused on a subset of the general issue and was concerned with the specific question of representation of minorities in programmes rather than programme diversity in general). And there are better established and more robust models to measure diversity than there are for quality assessment - notably, the United States' Federal Communications Commission's Herfindahl-Hirschman index (see Napoli 1999) and Hellman's model (Hellman 2001) of relative entropy<sup>48</sup> and deviation indices (drawing on Swedish and Finnish research and practice).

However, assessing what constitutes diversity is not straightforward. Is a choice between several different types of programme at any particular time better, ie providing greater diversity, than choice between several different examples of the same type of programming? Is diversity within programme types more important than diversity between programme types? Ideally both are desirable but, depending on which type of diversity is prioritized, mirroring of PSB and commercial services programme and schedule mixes may be seen positively or negatively.

The FCC approach is to assess source diversity by measuring market share, both in programme supply and in hours of programming consumed transmitted by a particular broadcaster.<sup>49</sup> The high PSB (especially BBC) share of viewing and listening (and the internal sourcing of the majority of PSB programmes) could be seen, using FCC methodology, as hostile to source diversity. There is often a presumption that source diversity (although desirable in itself) necessarily leads to diversity in programming.

But US research suggests this may not be the case.

Napoli's survey of US research on the relationship between the extent of competition in sources (few or many broadcasters in a particular market) and the extent to which a number of different types of programmes were offered provides no clear conclusion. Source diversity may not lead to programme diversity. Napoli (1999: 20) states:

Levin (1971) found, that within individual television markets, diversity of programme types increased with the number of television channels available..... Levin's findings are, however, contradicted by the results of a more recent analysis of 41 U.S. broadcasters and cable networks

(Grant 1994).

UK commercial services provide some diversity in programme supply but possibly underserve groups that are not attractive to advertisers and lack an ability to pay for subscription services. Moreover, commercial services tend (relative to UK PSB) to

underprovide high budget original programming in core PSB categories such as news, investigative and iconoclastic documentaries and drama. But, it may be argued, if PSB wasn't there commercial services might fill this gap.

Research and theory therefore provide no firm guidance on whether, in the long term, PSB augments or diminishes diversity. However, there are clear UK cases, eg South Wales and west central Scotland, where (assuming entry is not foreclosed by the presence of PSB) ending PSB services would seriously diminish diversity. Again target setting is important. What sort and level of diversity do we require of our broadcasting system? What gaps should PSB fill? Examination of the BBC's indices of public value, the four 'drivers' and associated KPIs, raises interesting theoretical and technical issues. I now turn to two of the core concepts in public value theory – to co-production and contestability which, together with the BBC's drivers augmented with the additional category of diversity, would constitute a 'balanced scorecard' (HM Treasury 2001: 14) for implementation of a well founded broadcasting public value system.

### Co-production

Central to both Moore's foundational account of public value and to Kelly and Muers' paper is co-production: that is the concept of collaboration between public sector/public service provider and users to produce public value outcomes. Co-production is perhaps the clearest signal that public value doctrines and practices point to network governance, a different form of governance to either hierarchical, 'command and control', or to market governance based on the price system. Network governance is distributed, dialogic, shared, flatter and non-hierarchical. Stoker emphasizes the equalitarian, dialogic character of public value governance and relationships:

public value can only be achieved through deliberation involving the key stakeholders and actions that depend on mixing in a reflexive manner a range of intervention options. Networks of deliberation and delivery are central features of the approach

(Stoker 2003: 1).

And he points up the gaps that a move to such systems and procedures engenders:

it prioritizes political debate and exchanges the search for public value, and championing of networks, leaves the role and status of elected politicians unclear and ambiguous. Moreover because of the fluidity associated with network governance there appears to be an absence of formal accountability

(Stoker 2003: 1).

There is therefore, *prima facie*, a limit to the extent to which the BBC, embedded in a hierarchical set of authorisation relationships and with a governance and internal accountability structure that is predominantly hierarchical, albeit leavened by the pseudo-markets associated with the NPM initiatives of John Birt, can engage in genuine co-production. Moreover, the evolving UK 'soft' version of public value theory, to which I earlier referred above, foregrounds consultation and conversation with users rather than co-production.

Moreover, a striking feature of UK broadcasting is the absence, relative to arrangements in some overseas jurisdictions, of organized groups representing viewer and listener interests. For example, in Germany there is a formal place in the governance of public service broadcasting reserved for civil society organisations (such as churches, trades unions and employers' associations, sports and refugee organisations etc). In the Netherlands viewers and

listeners have the opportunity to adhere to Broadcasting Societies which contribute programming to Dutch public broadcasting channels. And in the USA the reliance of National Public Radio (NPR) and the Public Broadcasting Service (PBS) on listener and viewer financial support means that users can influence the governance and conduct of US public broadcasting.

In the UK some civil society and para-statal organisations such as the Campaign for Press and Broadcasting Freedom, the Commission for Racial Equality, Mediawatch, the National Consumer Council, the Royal National Institute of the Blind, Voice of the Listener and Viewer and Which: The Consumers Association, (see Appendix 2) could, and in varying degrees do, act as interlocutors with the BBC on policy and viewer and listener interest matters. But none of these bodies has a formal consultative status let alone co-production or co-decision powers. None (Which excepted) have large memberships, some have no membership base, others are government funded. If co-production were to become part of the BBC's project of building public value such organisations might grow and thrive – because their purpose and capacity to attract support would have increased – but none yet enjoy the legitimacy that a large membership and democratic governance would lend them.

How then might individuals engage in co-production? Again the opportunities are few. Although there are market elements in the BBC's organisation of its production activities, markets do not form part of BBC **governance**: there is no (lawful) possibility of exit for television viewers (the possibility of exit is almost invariably a part of market relationships), no opportunity to use price as a signalling system (and none of the formal institutions and procedures of representation associated with public joint stock companies). Moreover, the BBC's public service vocation, with its emphasis on merit goods and the limits to the ability of viewers and listeners to identify and pursue their own interests, also clearly sets limits to the extent to which co-production, a la Moore, Kelly and Muers and Stoker, can be institutionalized.

How, in the context of persistent strong elements of hierarchical governance; the intrinsic difficulties posed by the one way character of broadcasting; and the necessarily top down character of merit good provision could, and should, the BBC engage its users? How far can the problems posed by the effective absence of opportunities for exit and for the expression of voice be mitigated?

## **Contestability**

Much of the experience of the last 20 years has shown that public value is best maximized neither by competitive private markets nor by monopoly public provision. Instead, as UK experience in prisons, employment and welfare services has shown, the combination of strong public sector institutions and competition from private and non-profit organisations achieves the best balance of accountability, innovation and efficiency

(Kelly and Muers 2002: 5)

A contestable BBC dates from 1955 (or arguably before if one takes into consideration the offshore English language radio services of Radio Normandie and Radio Luxembourg) when ITV began service. Competition for BBC audiences' attention grew throughout the 1960s with pirate radio and then commercial radio in the early 1970s. It grew mightily in 1990 with Sky's entry into the UK television market with the first direct to home satellite television services and has continued to grow with more and more alternative viewing opportunities; Channel 5, internet streamed video and file sharing, and the fall in prices of VCRs and DVD players.



Contestability in programme production and supply has also grown, beginning with the 25% independent television programme production quota inspired by the Peacock Report and continuing with the BBC's voluntary embrace of the NPM oriented Producer Choice, radio and online production quotas and the plan to subject 25% of the supply of its television programming to contestability between inhouse BBC production and external independent production to open a Window of Creative Competition (WOCC).

In the context of increasing contestability in supply of the factors of production and intense competition with commercial alternatives in a market where switching costs are very low and good information about alternatives is available seemingly there are few grounds for concern about the BBC's services being insufficiently subject to contest. Nonetheless, there is growing concern, well represented in Ofcom's review of public service television broadcasting (Ofcom 2004, 2004a, 2005) that the evolution of UK broadcasting may lead to a BBC monopoly in public service broadcasting provision (though not, of course, in provision of broadcasting services as a whole). Ofcom's empirical concern seems an instance of one of the potential theoretical grounds of 'Public value failure' identified by Bozeman,<sup>50</sup> that is a scarcity of providers of public value (Bozeman 2000: 24). Ofcom claimed, for example, that 'If no action is taken, the BBC will emerge by default, as the only PSB provider of any significant scale' (Ofcom 2004a: 13) and recommended that 'competition should be sustained at all points in the value chain: production, commissioning and PSB outlets' (Ofcom 2004a: 59). Elsewhere, Ofcom argued that

Competition in the provision of PSB is at the heart of an effective system. In a digital world, a single monopoly supplier of PSB is unlikely to be the most effective model for delivering PSB purposes or characteristics. We need to examine the case for sharing existing funding streams among a greater number of broadcasters and allowing broadcasters or producers to bid for PSB funding

(Ofcom 2004: 11).

A separate study (Schlesinger 2004), commissioned by Ofcom, pointed to the importance of pluralism (though not necessarily contestability) in provision of public service broadcasting.

However, in analysis of the UK television market and the lessons to be learned from New Zealand's experiment in establishing a contestable fund for financing public service broadcasting, Ofcom also pointed to the disadvantages of a high degree of contestability in public service broadcasting and concluded that 'the costs of a fully contestable PSB fund would clearly outweigh the benefits' (Ofcom 2004a: 64). Nonetheless, though cautioning against adoption of so radical an innovation as the New Zealand fund, Ofcom did foreshadow establishment of a fund administered by a new institution, a Public Service Publisher, which would be used to commission and distribute public service content so that the public service sector of the UK audiovisual market would not become excessively dependent on the BBC (see Ofcom 2004a: 76–84 and Ofcom 2005: 68–80).

However, because there is no lawful exit for UK television viewers from paying the licence fee there is a clear limit to the extent to which the BBC is subject to competition and contest. The BBC's funding is not contestable and the BBC has strongly resisted Ofcom's proposals for 'top slicing' the licence fee to fund other public service provision<sup>51</sup>, whether by any or all of Channels 3, 4 or 5 or by other organisations established and supported under the umbrella of the Public Service Publisher. Contestability **may** be a useful NPMish instrument for fostering internal efficiency (x-efficiency) within the BBC and as a valuable means of securing pluralism of supply (both of programmes to broadcasters and broadcasting services to viewers and listeners) but it has not been embraced as a means of improving the accountability of the BBC to its users through more thorough going market governance relationships.

The Office of National Statistics' decision in 2006 (ONS 2006) formally to classify the BBC licence fee as a tax, rather than as a service charge, clarifies the nature of licence fee payers' relationship to the BBC. It means that the question of whether viewers should enjoy a right of 'exit' (Hirschman 1970) falls away – viewers should no more be able to exit from their obligation to pay the BBC licence fee than they should be able to exit from their obligation to pay income tax. BBC funding, once defined as a tax, is outside the contestability of conventional market relationships.

However, the ONS's decision raises other questions. What should be the nature of viewers' (and listeners') 'voice' (Hirschman 1970)? Should their voice be exercised through Parliament, as it is where other taxes are concerned? If so, how is the BBC's independence of Government to be secured? Is the licence fee, the 'BBC tax' to remain a hypothecated tax or the BBC to enter relationships of contestation with other claimants on public funding – defence, health, education and so on? The BBC has argued against the idea of 'top slicing' the licence fee as a means of funding other public service broadcasters but it and Government have concurred on the top slicing of the licence fee in order to fund support for those whom the Government categorizes as 'vulnerable' during digital switchover.

It is too early to anticipate what the consequences of the ONS' decision may be. However, in categorising the licence fee as a tax, rather than as a service charge, the ONS has made clear that the type of contestability usually associated with a service charge should not apply to the BBC's licence fee funding.

### **Implementing the Public Value Test**

Professor Patrick Barwise's 'Independent Review of the BBC's Digital Television Services' (Barwise 2004) was the first application of a public value test to BBC services. Barwise's study for DCMS emerged at around the same time as did the BBC's own 'Building Public Value' and Barwise has stated that he drew on Kelly and Muers' (2002) elaboration of the concept of public value in making his analysis and formulating his recommendations. Barwise defined net public value as 'the benefit of the services to the UK public. This includes both short- and long-term benefits, both direct and indirect benefits, and both consumer and citizenship benefits' (Barwise 2004: 19) or, more succinctly, as 'public value after allowing for market impact' (Barwise 2004: 4).

He illustrated the operation of a market impact test by explaining that

if a particular BBC service competed so successfully for viewers that a commercial service targeting the same viewers was forced to exit the market – even if the commercial services represented better value for money – this would represent a reduction in net public value. The same would be true if the BBC services prevented the launch of a new commercial service which would have created more public value

(Barwise 2004: 7).

The allocation of costs between different BBC services is not straightforward but the basis on which cost allocation is made affects materially the findings of value for money analyses. Davies (2005: 141), for example, proposes to define the TV channel BBC One as the 'core' service and all other BBC services regarded as marginal services with only the incremental costs associated with their provision attributed to them. Not surprisingly, cost allocation of this kind suggests that non-core services provide extraordinarily good value for money. Though Davies leaves unexamined the extent to which the core service provides value for money under such a cost allocation regime.

Barwise judged that the object of his study, the BBC's digital television services, were, in 'a largely unsegmented medium..... hard to see such small services having much impact on

either the market as a whole or on specific competitors' (Barwise 2004: 7). He also refers to an Oliver and Ohlbaum (O&O) report commissioned by the BBC which found that the services 'had little market impact' (Barwise 2004: 65). Ofcom also made a market impact assessment (including a review of Oliver and Ohlbaum's findings) of the BBC's digital radio and television services (Ofcom 2004b).

Ofcom found that the BBC's digital services deliver 'benefits for both consumers and citizens', have contributed to increasing competition which was judged 'likely to bring dynamic benefits to consumers in the form of greater innovation and choice' but that 'There is a real risk that the BBC's involvement in some market segments may leave insufficient revenues for commercial operators wishing to supply those segments now or in future' and that 'the BBC's large budgets and relatively loose remits.... may, in time, diminish overall levels of competition, investment and innovation'(Ofcom 2004b: 4-5). And that

the type of approach used by O&O<sup>52</sup> tend to be assumption driven. In other words, findings about the extent of the revenue impact of the BBC new services depend on the assumptions made in the analysis. Results from this type of analysis tend to be highly sensitive to assumption changes. When plausible adjustments were made to some of O&O's key assumptions, Spectrum<sup>53</sup> found that the impact on commercial rivals changed from being positive to negative

(Ofcom 2004b: 5).

Both Barwise's low impact finding and Ofcom's finding that the results of a market impact test may be strongly influenced by the initial assumptions of those carrying out the test, illustrates a point Barwise makes later in his review (and which Caroline Thomson echoed, Thomson 2006) – the findings of a public value test are likely to be if not 'subjective' (a term used by Barwise 2004: 19) they are at least highly dependent on the evaluator's initial assumptions and on her or his judgement (Thomson's term). In the case of the market impact test, two reputable firms reached different conclusions.

The sensitivity of findings to both methodology and initial assumptions about how costs should be allocated suggests either that value for money methodologies and the assumptions on which they are based should be the subject of public consultation and debate or that value for money studies should be carried out by an external body (such as the NAO) or both.

Other instances support Barwise's contention that the findings of a public value test are 'subjective' (or, to use Thomson's term, judgemental). Not all would agree with Barwise, for example, that television is now a 'largely unsegmented medium'. Ofcom pointed to the fragmentation of the viewing public (Ofcom 2004: 64) and the growth of specialist channels, children's television, for example, which Barwise, rightly, thought merited special attention because of its distinctive character, also suggests otherwise. As do other types of generic channel such as sports and film channels or the arts channels which provide the specific context for the citations from Barwise's commentary which I quote here.

Nor is there universal agreement with Barwise's view (Barwise 2004: 7) that the BBC's digital television services have not had a significant market impact. The chief executives of three commercial digital channels (interviewed by Collins in 2002) have claimed the BBC's digital services have had high, rather than low, impact. Each testified to the threat posed by the BBC. John Hambley, Chief Executive of Artsworld, <sup>54</sup>testified to the difficulty Artsworld, and other similar channels, experienced as a consequence of the mutually reinforcing advantages enjoyed by the BBC. He referred to the withdrawal of one of Artsworld's principal investors, the Guardian Media Group (GMG), as a consequence of the launch of the BBC's digital services. Hambley said, 'If BBC4 hadn't come along GMG would have hung in there. They decided they couldn't face the might of the BBC'. Geoff Metzger, Managing Director of The History Channel, <sup>55</sup> stated that he was 'very concerned about the launch of the

BBC's commercial service, 'UK History', and referred to the aggressive business plans foreshadowed by the director of UK History, Matt Tombs. Tombs pointed out the advantages UK History enjoyed in its exclusive access to the BBC's archive.<sup>56</sup> Metzger further stated that 'anyone entering the market now<sup>57</sup> does so with knowledge of much greater risk'. The Chief Executive of Digital Classics<sup>58</sup>, Chris Hunt,<sup>59</sup> made the most powerful criticism of the BBC and stated that it 'had the market power and the will to take out the opposition'. Hunt further stated that 'we would still be running were it not for BBC4'. It may be that all these interviewees merit rebuttal with the immortal comment of Mandy Rice-Davies 'They would say that wouldn't they?' but their comments demonstrate very concretely that there is evidence to support a public value judgement different to that reached by Barwise and that implementation of a broadcasting public value test is indeed judgemental and perhaps even subjective. That being so, it's appropriate that any public value test be made by a disinterested evaluator, that findings be published and that the methodologies used and evidence in which judgements are grounded be fully exposed to public scrutiny and collective deliberation. Barwise constructively acknowledges this, recognising that 'the BBC will need credible, evidence based analysis of net public value' to command the assent of the disinterested commentator and the interested licence fee payer counter as well as to counter the assaults of the 'commercial vested interests' to which Barwise refers (Barwise 2004: 90). And Ofcom also pointed to the importance of 'BBC plans for new services' being 'subjected to a rigorous **independent** [my emphasis RC] evaluation to ensure that they add public value and would not unduly displace commercial activities' (Ofcom 2004a: 9).

### **Challenges – making the good, popular and the popular good?**

The BBC is currently caught in a vice. Its claim on the licence fee depends on fulfilling two contradictory obligations. First, it must retain a sufficiently large share of viewers' and listeners' consumption of broadcasting for them to feel that the requirement to pay the licence fee is not unacceptably onerous. That is they must feel that they consume enough BBC output to get value for money from their annual payment. This can be called the 'consumer' rationale for the BBC and was strongly reinforced by Greg Dyke during his period of office as Director General (2000–2004) – see, *inter alia*, Born 2005: 471– 477. Most still feel they secure value as consumers – but surveys suggest that the number of those who would like to exit from their compulsory subscription to the BBC is growing.

Second, the BBC must continue to provide the merit goods which, by definition, viewers and listeners are not aware that they want or need. This can be called the 'citizen' rationale for the BBC and is strongly associated with Reith during his tenure as Director General (1927–1938). Given the pressure on the business model of advertising financed broadcasters, such as ITV/Channel 3, Channel 4 and five/Channel 5, provision of broadcast merit goods is likely to become more and more the exclusive business of the BBC. Moreover, because there is no point in providing merit goods unless they are used, the BBC must find ways of squaring the circle and making the good popular and the popular good. This is the 'citizen' rationale for the BBC.

The pressure in the vice grows as alternative consumption opportunities proliferate and the BBC audience declines. Re-nomination can appear to mitigate this problem (eg by establishing 'reach' rather than 'share' as a key performance indicator) but not resolve it. And as legitimacy declines in the 'consumer' area so legitimacy in the 'citizen' area becomes more important. But growing public expectations of the ability actively to exercise entitlements as citizens to participate in decision making and directly to hold institutions to account means that the legitimacy of 'downward' accountability has grown relative to 'upward' accountability. Moreover, a complementary official fostering of public value informed public management with 'co-production' at its centre adds pressure to the BBC's traditional stance and mode of governance. The old model of broadcasting accountability was, whilst its

mechanisms were discreetly veiled, largely hierarchical and now risks leaving the BBC 'beached' as market and network systems develop which offer users superior opportunities to use their voice and/or to exit.

The high level of public trust which it enjoys has sometimes led the BBC to argue that public trust suggests a pervasive public desire for established BBC self-governance arrangements. However, Jon Zeff<sup>60</sup> pointed out that the trust invested in the BBC and the linked concern for safeguarding the independence of the BBC on which that trust depends goes along with concern about a 'democratic deficit'.

The BBC's recent re-branding of itself under the Public Value banner responds to these pressures. But its implementation of the Public Value doctrine weakly meets the norms set out in Moore's and Kelly and Muers' canonical accounts. In part this is because of the distinctive, and peculiar, characteristics of free to air and public service broadcasting. Conventional free to air, 'push' broadcasting means that there are few contacts between provider and user. It is a mode of delivery that's intrinsically hostile to co-production. 'Pull' online broadcasting has the potential to be more dialogic and thus offer more possibilities for co-production but, for the foreseeable future, 'push' broadcasting is planned to remain the BBC's main line of business. Moreover, public service broadcasting has an inescapably 'top down' character to it: if broadcasting is to supply merit goods then, by definition, user demand cannot be wholly sovereign. And though the context in which the BBC operates has seen a steady growth in one dimension of contestability (in supply of programming and other inputs and for share of final consumption), the lack of contestability intrinsic to BBC funding by a licence fee (formally designated as a tax by the Office of National Statistics in early 2006) backed up by criminal sanctions for non-payment means that another key element in public value based public management is absent. And, as Ofcom strongly emphasized in its 'Review of public service television broadcasting', although the BBC may be subject to intensified contestation in broadcasting generally it seems likely to become increasingly dominant in public service broadcasting.

At this point it may seem reasonable to ask why the BBC **should** be measured against the contestation and co-production criteria formulated by Moore and Kelly and Muers. One answer would be to assert that they are sources directly credited (albeit only once) in 'Building Public Value' (BBC 2004: 29) and that the BBC has chosen to re-badge itself under the banner of public value. Yet the relationship between broadcasting and these public value doctrines does seem something of a misfit. Not only is broadcasting as an intrinsically one way medium, with no direct contact between supplier and user and thus poorly adapted to co-production, but there is something indissolubly American about the two axioms of Moore's public value doctrine. Co-production seems to chime sweetly with American traditions of direct democracy, less well with other democratic traditions. Hood (1998: 123) firmly places co-production as a doctrine of 'limiting professionalism and maximising collective citizen participation' – and one pre-eminently exemplified by 'Citizen militias rather than standing professional armies, as in the Swiss or French Revolutionary tradition'. And contestability, aka competition, in broadcasting is more firmly accepted in the United States than in the UK as a method of securing the public interest in broadcasting. In the UK debate has been dominated by the widely accepted view that broadcasting markets will inevitably fail (though there is much debate, of course, about how much they fail and what is a proportionate response to failure).

However, whether or not public value doctrines are well adapted to the challenges presented by broadcasting the BBC has put public value theory firmly on the agenda for debate. No less open to consideration is the way it has chosen to implement public value based management. Here it seems the Public Value Test is to be narrowly applied. Whereas the BBC proclaimed in 'Building Public Value' that 'It [the BBC] must apply the test of public value to everything it does - its services, its commercial activities, its scope and scale.' (BBC 2004: 5)<sup>61</sup> the

formal public value test is to apply only to new services and significant changes to existing services. Large scale projects such as the BBC's projected move of its new media, television sport and children's departments and Radio 5 Live at an estimated cost of (variously) £400m or £600m are not to be the subject of a public value test. Moreover, the BBC has stated that it does not intend to establish any new television channels so there are few reasons to suppose that the Public Value Test will have a significant influence on BBC planning or practice. As now proposed, the public value test seems unlikely to serve effectively as the 'practical test that can be applied by the BBC itself, by its Governors and by the public, to decide what it should do - and how well it does it' (BBC 2004: 8).

If and when applied the BBC's Public Value Test will comprise two elements: a public value assessment (focussing on consumer/individual value and citizen value) and a market impact assessment (economic value). The Public Value Assessment will consider whether a proposal fits the BBC's defined public purposes<sup>62</sup>, what its impact, cost and value for money is likely to be and whether public value is thereby created. Michael Grade said that 'We will not approve that new service unless the independent evidence clearly shows that the potential negative impact on other providers is outweighed by its public value' (Grade 2005).

The public value assessment will consider the 'four drivers': Reach, Quality, Impact and Value for Money. These are certainly relevant criteria though all are forward looking and therefore involve going beyond objective evidence and drawing on the judgement of those administering the assessment – ie that of the BBC. The difficulty of making such judgements accurately is eloquently attested by the mismatch between aspiration and fulfilment in respect of the BBC4 television service (see Barwise 2004). The market impact assessment is to determine what impact (whether positive or adverse) introduction of the new (or significantly extended) BBC service may have on relevant markets. Whether the market impact assessment should be undertaken by the BBC, a third party or by Ofcom is currently a matter of controversy<sup>63</sup>. As, of course, is the relative weight to be assigned to the different elements of the Public Value Test.

Caroline Thomson, then the BBC's Director of Strategy, acknowledged at the Oxford Media Convention on January 19th 2006, a 'large element of judgement will be exercised by the Trust'<sup>64</sup>. Implementation of the public value test in the way the BBC proposes may not satisfy the concerns of the Burns panel that

if such a test is defined solely by criteria set by the BBC, using data and measures defined by the BBC, it will lack conviction. There is a clear need for an independently determined set of objective measures, applicable to the whole of the broadcasting industry, which the BBC should use when making such judgements

(DCMS 2004: 11).

And it will be unlikely to satisfy the FABRIC recommendation that performance information systems should be independently reviewed (HM Treasury 2001: 21).

The subjective, or more politely, judgemental nature of the public value test suggests that its value and validity will depend on the competence and disinterestedness of those who implement it. Ofcom made this point persuasively in its review of public service television broadcasting where it stated 'the value of the test will depend on two crucial issues.... Firstly, how the test is applied and, secondly, who applies it' (Ofcom 2005: 35). It may be that the BBC Trust, which the Government proposes to replace the BBC's Governors, will be seen to be too close to the BBC (and possibly outgunned in a classic regulator/regulate imbalance) by the BBC staff and management which it is to govern. Rather than a 'democratic deficit' there may be either or both a disinterestedness deficit and a regulatory power deficit.

It seems therefore that public value doctrine will not be used as a rallying point for reinvigorating staff commitment to a newly publicly oriented and renewed BBC, despite the high level and pervasive use of public value rhetoric as part of the BBC's re-branding, but rather as a relatively narrow and technical system of quasi-regulatory appraisal of major new projects. Moreover, the BBC has firmly rejected measures to reduce its 'democratic deficit' by moving towards a more thoroughly Warnockian practice of accountability embodying **both** the right to know **and the ability** to impose sanctions. As Warnock claimed:

A is accountable to B where B has entrusted to A some duty (especially in regard to the spending of money) and where, if A fails to fulfil this duty, B has some sanction which he may use against A. This is one necessary part of it. But it follows that B has a *right* to be exactly informed of what A has done towards fulfilling his duty

(Warnock 1974: 2)

True, the BBC has improved its transparency and the flow of information on its operations and policies to its users. And its complaints procedures seem strikingly better. Some may say that these policies and practices still have far to go but it would be churlish and misleading not to acknowledge the significant changes that have recently taken place: changes which have improved fulfilment of one element of Warnock's dyad – that is the right to know. But, the BBC's viewers and listeners are no more able to exercise sanctions (not least the sanction of exit) than they are able to co-produce and exercise their voices in effectively holding the BBC to account.

In its own implementation of public value oriented management, the BBC found few models for emulation neither among other broadcasters nor in other UK public sector bodies. However, Levy (interview 18.5.2006) mentioned that PBS in the USA had provided a useful model for assessing the wider impact of broadcasts, notably in recognising the social consequences of broadcasts such as the number of reading groups established after transmission of book based programmes. But to date, international dialogue on public value between public service broadcasters has been limited. Some public service broadcasters (eg from Australia and Japan) have approached the BBC for information on its pathbreaking public value initiatives, others (such as Dutch, Finnish and Swedish public service broadcasters) are developing their own initiatives in parallel with the BBC's<sup>65</sup>.

As I noted earlier, the few mentions of Mark Moore in the major documents of contemporary UK broadcasting policy published by the BBC, DCMS and Ofcom, suggests that the category 'public value' is more often used in the loose and literal sense of something valued by the public than it is as a referent to Moore's specific doctrine of post NPM public management. Judging the BBC's new public value initiative against Moore's criteria may risk forcing the BBC into a procrustean bed. However, Moore's doctrine provides some appropriate yardsticks against which public management initiatives may be assessed – not least co-production and contestability. True, these yardsticks reflect the context in which Moore formulated his doctrine and embody assumptions rooted in NPM and some rather American assumptions about the value of competition and direct democracy. And as Barwise has observed (about the *a priori* application of market theory to a context and institutions devised in and to carry forward a different cluster of values) there are real dangers in applying inappropriate evaluative criteria to public service broadcasting and the BBC (Barwise 2004: 19–20). Nonetheless, the application of a Moorean perspective to the BBC's public value initiatives tends to lend support to David Elstein's comment that the Public Value Test and its associated measures are poor alternatives to 'real choice, real accountability, real transparency and real value-for-money tests' (Elstein 2004: 15).

## Lessons from the BBC?

It is too soon to identify with confidence any general lessons from the BBC's experience and its implementation of public value centred management. As James Heath, Senior Advisor BBC Public Policy, stated (interview 18.5.2006) it's 'early days' in the embedding of public value based performance management systems in the BBC. Although a Governance Unit has been set up to formulate and issue service licences and to administer public value tests it is small in comparison to the scale of its responsibilities. Moreover, the Trust has not yet formally come into existence and in consequence the first Service Licences and the first Public Value Test remain to be implemented. Embedding of a new public value ethos in BBC management objectives, practice and output is at a similarly early stage. But some distinctive features of an emerging BBC version of public value doctrine and practice are already apparent.

In its external environment, the BBC is subject both to an unprecedentedly high level of public scrutiny and to a more extensively and intensively contested broadcasting market. However, contestation does not extend to funding. And the weight of history: the intrinsic difficulties posed by one to many, free to air broadcasting; and the imperative of safeguarding BBC independence have all weighed against an elaboration of co-production.

The Work Foundation's public value triad of authorisation, creation and measurement, further suggests the BBC's exceptionality and the *sui generis* character of its formulation and implementation of a public value doctrine. For the BBC, authorisation is a particularly complex, multi-path and multi-agency, practice. However, creation is, and continues to become, eg through the BBC's proposed Window Of Creative Competition (WOCC) more, and perhaps excessively - see the Work Foundation 'Tipping Point' analysis (Work Foundation 2005) - contestable. And measurement is beset with difficulty - although each of the new BBC drivers (reach, impact, quality and value for money) is output and user oriented only one, reach, is straightforwardly susceptible to measurement. As stated above, there are important difficulties in defining, and therefore in measuring, quality and impact; and the BBC's meticulous care for its independence has, thus far, militated against the independent audit by the National Audit Office, characteristic of other publicly funded bodies, in order to secure optimal value for money for licence fee payers. Moreover, the BBC's size and distinctive mandate makes conventional value for money tools, such as benchmarking, less than straightforwardly implementable - particularly by a small, however high quality, Governance Unit (fewer than 40 people) charged with this and a host of other tasks. The BBC's size (its 38% share of TV consumption, 53% share of radio consumption and high level of public funding - equivalent on one estimate, see Vickers 2002, to one day's UK GDP) means that issues of market impact, value for money, authorisation and accountability are on a wholly different, and larger, scale to those that apply even to high profile organisations such as the Royal Opera House and the Tate.

It is too soon to tell whether the BBC's implementation of a public value based governance, regulatory and management regime will have useful lessons of general application to other parts of the UK public sector. Certainly, the BBC's elaboration of a public value doctrine (notably in 'Building Public Value' BBC 2004) leads the field. But the scale of the BBC, its distinctive 'constitutional' independence, the indirect application of the public value principles of co-production and contestation and, above all, the manner in which public value doctrine has been chiefly implemented, as a regulatory or quasi-regulatory principle in the form of Service Licences and a Public Value Test, rather than as a management and motivational doctrine, sets the BBC apart from the public sector and public value mainstream.



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## **Appendix 1. Present and proposed authorising institutions, their powers and remit.**

### **DCMS**

The Department for Culture, Media and Sport (DCMS) is responsible for:

- Setting the framework for public service broadcasting
- Ensuring that the regulatory framework for broadcasting fosters fair and effective competition; promotes high quality broadcasting from a diverse range of sources; provides a high level of consumer protection; and safeguards freedom of expression
- Setting the BBC licence fee
- Working with industry and consumer groups to achieve switchover from analogue to digital TV

The Secretary of State has some responsibility for approving and reviewing the operation of new licence-fee funded public services.

### **Ofcom**

As the statutory regulator for broadcasting Ofcom licenses and monitors public service broadcasting. However it does not licence the BBC’s public service channels and whilst it is responsible for monitoring and reporting on public service broadcasting (including the BBC) much (but not all) of the BBC’s activities lie outside Ofcom’s areas of responsibility.

More broadly Ofcom has two main duties:

1. to further the interests of citizens in relation to communications matters; and
2. to further the interests of consumers in relevant markets, where appropriate by promoting competition.

The Communications Act 2003 identifies three different classes of broadcaster, the first two of which are classified as public service broadcasters.

- The BBC and S4C.
- Public Service Broadcasters – ie Channels 3, 4, 5.

- Providers of licensable content services, ie satellite and cable services.

Each class is subject to differing degrees of regulation under Ofcom's three tier system of regulation of content. The Communications Act 2003 empowers Ofcom to regulate the BBC as specified in the Act or in the BBC Charter and Agreement (the Agreement was last revised in 2003). In consequence, Ofcom has jurisdiction over the BBC in respect of 'Tier One' (harm and offence, impartiality, subliminal messages and fairness and privacy) and 'Tier Two' (quotas on: news, current affairs, original productions, regional news and other regional programmes, regional productions). Ofcom is empowered to fine the BBC up to £250,000 for breach of regulation. However, regulation of accuracy and impartiality of BBC broadcasts is reserved to the BBC Governors (whereas regulation of accuracy and impartiality of broadcasts by other public service broadcasters is an Ofcom responsibility).

### **BBC Governors/BBC Trust**

At the time of writing (early 2006), the BBC is formally headed by a Board of Governors; however the Government has proposed firmly that the Board should metamorphose into a new body: the BBC Trust. The operation of the Governors (and the proposed arrangements for the Trust) can best be understood under two distinct heads; regulation and governance:

**Governance** is performed by the Board of Governors which is appointed by the Queen in Council and works within the terms of the BBC's Royal Charter and the Licence and Agreement issued by the Secretary of State for Culture Media and Sport. Legal personality of the BBC rests with the Governors.

**Regulation** is undertaken by the Governors (in respect of some aspects of content regulation and for Fair Trading), Ofcom (in respect of some different aspects of content regulation and for some quantitative matters such as the independent production quota), the DCMS (in respect of approval of new services).

**Perceived deficiencies** of the status quo include:

- The Governors' dual roles of governance and regulation – can complainants (whether about accuracy or fair trading or other matters) be assured be assured of fair treatment when the adjudicating body is the governing body? Can Governors make independent judgements when they depend on the management for information and also appoint the management?<sup>66</sup>
- The disparity in expertise and resources between regulator (DCMS in particular) and regulatee (the BBC).
- The weak link between Ofcom's responsibility for the periodical review of public service television and for regulation of the sector to secure public service goals and Ofcom having fewer regulatory powers in respect of the BBC, the major PSB, than it has in respect of other PSBs.
- The uncertain separation between BBC management and governance (which was thrown into relief by the Gilligan debacle).
- Weak links between the Governors and licence fee payers.
- Weak external accountability in respect of provision of value for money.

### **The Government's proposals in the Green Paper – the Trust**

**Governance** is to be the responsibility of the BBC Trust who, like the Governors, will be appointed by the Queen in Council and work within the terms of the BBC's Royal Charter and the Licence and Agreement issued by the Secretary of State for Culture Media and Sport. The Trust, rather than DCMS, will issue licences for new services.

**Regulation** will be undertaken by the Trust and Ofcom. The Trust will assume the powers to approve new services currently enjoyed by DCMS (though the Government will retain important loci of control in determining the level of the licence fee and by retaining the responsibility for what the Green Paper calls ‘final sign off’) but will be required to involve Ofcom on ‘market impact issues’. Ofcom’s responsibilities will change only in that it will be ‘involved’ in market impact assessment.

There are thus few **structural** changes between the status quo and the Government’s proposals, however the Green Paper does give the Trust greater powers (notably for approval of new services) and foreshadows a stronger role for the Trust in holding management to account (defining performance criteria and measures of delivery rather than ‘monitoring performance’) and promoting transparency, and thus accountability, to licence fee payers (eg through value for money, VFM, studies).

**Perceived deficiencies** of the Green Paper proposals include:

- Insufficient division between governance and regulatory responsibilities with the Trust retaining responsibilities in each domain.
- Insufficient assurance for competitors that the BBC will be subject to effective independent regulation particularly in respect of fair trading and other competition issues.
- Continued absence of ‘one stop shopping’ for complainants and of assuredly independent adjudication of complaints (particularly in respect of appeals).
- Weak links between the Trust and licence fee payers.
- Insufficient external accountability in respect of provision of value for money.

## **Appendix 2. Civil Society Organisations**

### **CPBF Campaign for Press and Broadcasting Freedom**

The Campaign for Press and Broadcasting Freedom is an independent voice for media reform. We work to promote policies for a diverse, democratic and accountable media

(URL:

[http://keywords.dsvr.co.uk/freepress/show\\_title.phtml?doctype=join&ref=0&section=0](http://keywords.dsvr.co.uk/freepress/show_title.phtml?doctype=join&ref=0&section=0))

The CPBF campaigns for a publicly accountable media system, encouraging media diversity, rights of citizens and journalists and fair coverage. The main concerns of CPBF include: Private ownership, concentration of ownership, the decline in independent reporting and the dumbing down of public media. CPBF acts in favour of ‘diversity of the press, broadcasting and telecommunications sectors... through accountable, positive regulation’ (from CPBF 1997 Manifesto at <http://keywords.dsvr.co.uk/freepress/body.phtml?category=&id=43>).

Co-chair of CPBF, Professor Julian Petley (interviewed 25.2.2004), stated that CPBF had its origins in media workers’ concerns for the structure, control and future of their industry. CPBF had approximately 500 members and significant trade union support (notably from Unison and the National Union of Journalists).

CPBF focused on representing and advancing citizens’ interests in television: it advocated Public Service Broadcasting and was critical of the failures of public service broadcasters to uphold PSB standards. He instanced reporting of the Falklands War, the Miners’ Strike and the Gulf Wars. He deprecated the fall in PSB standards and the failure of regulation that had

resulted, inter alia, in ‘ITV getting away with a lot they shouldn’t have after the 1990 Act’. He strongly advocated more representative and accountable governance bodies – eg the BBC Governors and Ofcom Content Board and observed that CPBF had cautioned consistently against the Governments’ deregulatory policies.

### **The Commission for Racial Equality**

Although currently slated for amalgamation with the Equal Opportunity Commission (EOC) and the Disability Rights Commission (DRC), each of these bodies remains independent at the time of writing and the Commission for Racial Equality (CRE) is the only one to provide direct links on their web-site to and for complaint procedures.

The CRE is not currently pursuing specifically media or broadcast related campaigns for racial equality, but it does provide a comprehensive list of guidelines for journalists to avoid perpetuating prejudice and also offers ‘Race in the Media Awards’ (RIMA). These awards are granted to those who ‘have made a significant contribution to public appreciation and understanding of multiculturalism, diversity or race relations including Irish, Jews and travellers’ (taken from the CRE web-site).

### **Which: The Consumers Association (CA)**

The Consumers’ Association is a not-for-profit organisation

which has been researching and campaigning on behalf of consumers since we were founded in 1957. With over 700,000 members, we are the largest consumer organisation in Europe. Our aim is to empower consumers with the knowledge that enables them to make informed decisions, and lobby for change where consumers are getting a raw deal

(from <http://www.which.net/corporate/aboutca.html>)

The CA publishes occasional reports on media and broadcasting issues but has not played a big role as an interlocutor or in dialogue with the BBC.

### **Mediawatch**

<http://www.mediawatchuk.org/>

Mediawatch is a Christian pressure group against pornography, sex and violence in the media, including television. Formerly (as NVALA – National Viewers and Listeners Association) this group has been quite influential but their impact has more recently waned. Membership numbers are not stated on their website but the Mediawatch Annual Report 2003 states that: ‘Mediawatch-uk is at present still losing twice as many members (defaulting) as new ones it is recruiting. If this trend is not halted and reversed Mediawatch-uk in its present form will cease to be viable in two years time’. The Annual Report also stated that ‘In 2002 a total of 158 new members were enrolled but we lost around 300 members for various reasons’.

### **National Consumer Council (NCC)**

The NCC was set up by the UK government in 1975 to safeguard consumers’ interests and to ensure these interests are represented to and are taken account of by decision makers. In 1999 the NCC published ‘Tuning in to consumers: public service broadcasting in the digital era’. It called on the government to ensure that ‘a diverse range of high quality programming remains available to everyone through free-to-air TV and radio. The market alone is unlikely to deliver what consumers want, unless broadcasters are given clear public service obligations’ (from

<http://www.ncc.org.uk/pubs/tuning.htm>

Full text at

[http://www.ncc.org.uk/pubs/pdf/tuning\\_in\\_to\\_consumers.pdf](http://www.ncc.org.uk/pubs/pdf/tuning_in_to_consumers.pdf) ).

See also NCC paper (at [http://www.ncc.org.uk/pubs/plugging\\_in.htm](http://www.ncc.org.uk/pubs/plugging_in.htm) ) on the Ofcom consumer council that recommends that the Ofcom Consumer Panel:

- be an independent advocate – run by itself and not by OFCOM
- comment on content – a remit to extend beyond service delivery
- cover the field – influencing all the players including the BBC.

### **RNIB: Royal National Institute of the Blind**

2002, the RNIB, in coalition with other partners (notably the charity Age Concern), began a Parliamentary campaign to amend the Communications Bill to take account of the needs of people with sensory, physical and learning disabilities. The ‘Priority [Campaign to amend the Communications Bill](#)’ aimed to make broadcasters:

- take account of the access needs of blind, partially sighted and other disabled people achieves successes.
- make TV accessible to partially sighted people, but also include issues of employing blind or partially sighted people, and portrayal of blind/partially sighted

The government accepted several of the RNIB’s recommendations and have ensured that teletext will remain available to those who want it. The RNIB has also used the provisions of the DDA (Disability Discrimination Act 1994) to advance the interests of the blind. Concern focused across a number of areas;

- improving the design of equipment like set top boxes for disabled and older people’s use.
- ensuring that disabled and older people’s interests would be well represented within the new communications regulator (Ofcom).
- improving access to digital TV services through audio description (an audio narrative that explains non-verbal action in programmes), subtitling and signing and electronic programme guides.

### **Voice of the Listener and Viewer (VLV)**

The VLV defines itself as:

Voice of the Listener and Viewer (VLV) represents the citizen and consumer interest in broadcasting and works for quality and diversity in British broadcasting. VLV is concerned with the full range of issues that underpin the British broadcasting system: the structures, regulation, funding and institutions. In particular VLV supports the principle of public service broadcasting

(extract from home page, URL: <http://www.vlv.org.uk/>)

The VLV is a key lobbying organisation in part because it has one of the largest memberships (c 4,000), is well organized, produces high quality research analysis, and maintains a high reputation with Government. Professor Vincent Porter, a member of the VLV board of directors, claimed that the BBC is responsive and receptive to VLV representations. VLV maintains strong links to the NCC, but has no contact with Mediawatch. Porter identified

CPBF as another significant pressure group. However, VLV has no links to CPBF because they want to remain clear of the CPBF's political stance.

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<sup>1</sup> Holden makes the same point in his *Capturing Cultural Value: How culture has become a tool of government policy* (Holden 2004: 17).

<sup>2</sup> Versions of this paper exist which also credit Geoff Mulgan among the authors: see [http://www.number-10.gov.uk/files/pdf/public\\_value2.pdf](http://www.number-10.gov.uk/files/pdf/public_value2.pdf) on 25.2.2006

<sup>3</sup> NPM figured strongly in the 1999 UK White Paper 'Modernising Government' (Cabinet Office 1999). Osborne and Gaebler's 'Reinventing Government' (1992) is usually identified as the canonical source text of NPM doctrines.

<sup>4</sup> There is a sixth public purpose - building digital Britain.

<sup>5</sup> Levy (interview 18.5.2006) described the 'quite dramatic' change in senior BBC management practice which has attended the BBC's adoption of the four drivers which now inform the quarterly management 'reporting packs' submitted to the BBC Executive Board and to the Governors.

<sup>6</sup> However, they do also acknowledge that trust may grow 'through more democratic and participative processes' (Hewison and Holden 2004: 34).

<sup>7</sup> Holden (2004: 42) makes a similar point claiming that 'public willingness to give something up – to spend money and/or time – is a crucial determinant of whether they value something'.

<sup>8</sup> An acronym for Focused, Appropriate, Balanced, Robust, Integrated, Cost Effective.

<sup>9</sup> The six public purposes were defined in the Government's Green Paper (DCMS 2005a: 8-9) as: sustaining citizenship and civil society, promoting education and learning, stimulating creativity and cultural excellence, reflecting the UK, its Nations, regions and communities, bringing the world to the UK and the UK to the world and building digital Britain. These are somewhat different, but not incompatible with, Ofcom's four purposes of public service television – that is 'to inform ourselves and others and to increase our understanding', 'to stimulate our interest in and knowledge of arts, science, history and other topics', 'to reflect and strengthen our cultural identity through original programming' and 'to make us aware of different cultures and alternative viewpoints' (from Ofcom 2004a: 7).

<sup>10</sup> It is worth noting the difference between the BBC's formulation, the PVT should apply to new and **significantly changed** services (BBC 2004: 84) and DCMS' that it will apply to new and **extended** services (DCMS 2005a: 76).

<sup>11</sup> Based on the BBC's new performance framework, notably the six public purposes (Sustaining citizenship and civil society, providing education and learning, stimulating creativity and cultural excellence, representing the UK, its nations, regions and communities, bringing the UK to the world and the world to the UK, building digital Britain) and four drivers of public value (Reach, Quality, Impact and Value for Money).

<sup>12</sup> See the description of the role of the BBC Governance Unit on the BBC Governors' website at <http://www.bbcgovernors.co.uk/about/governanceunit.html> on 24.1.2006.

<sup>13</sup> Elstein may be thought to have a *parti pris* as Chairman of the Commercial Radio Companies Association.

<sup>14</sup> See, *inter alia*, the report of the Burns Committee on BBC Charter Review (DCMS 2004 and 2005), the report of the House of Commons Select Committee on Culture Media and Sport (House of Commons Select Committee on Culture Media and Sport 2004), the report of the House of Lords Committee on BBC Charter Review (House of Lords 2005), 'Beyond the Charter' (Elstein 2004a) and 'Free for All? Public Service Television in the Digital Age' (Cox 2004).

<sup>15</sup> More temperately, Ofcom referred to the need to clarify the 'separate roles of governance and regulation' as a 'central objective of the Charter review process' (Ofcom 2004a: 10).

<sup>16</sup> With a further, as yet unspecified, increment to fund support for the 'vulnerable' during digital switchover.

<sup>17</sup> In 2003, a senior judge, Lord Hutton, was appointed to inquire into the death of a British civil servant, Dr David Kelly. His report, (which constitutes the chief public official judgement on the UK's

2002 invasion of Iraq and also on the BBC's news report of 29<sup>th</sup> May 2003 which asserted that that the Government had 'sexed up' the threat posed by Iraq's supposed weapons of mass destruction), found, *inter alia* that 'the editorial system which the BBC permitted was defective' (Hutton 2004: 322) and that the BBC management were 'at fault' (Hutton 2004: 200). Hutton's findings prompted the resignation of both the BBC's Director General and the Chairman of the BBC Governors.

<sup>18</sup> Ofcom's 2004 'Review of public service television' underscored the importance of television as a news source – 55% of respondents relied on television as their principal source of news (Ofcom 2004: 48).

<sup>19</sup> From 1998 to the time of writing the licence fee has risen annually by RPI + 1.5%. The BBC has bid for a licence fee from 2007-2014 rising at RPI + 2.3% annually (with an additional, unspecified, sum of perhaps 0.5% annually to defray the costs of support for the vulnerable during digital switchover).

<sup>20</sup> Owen Gibson. The Guardian, Friday October 7, 2005. 'Young blog their way to a publishing revolution'. <http://technology.guardian.co.uk/news/story/0,16559,1586891,00.html> on 30.12.2005.

<sup>21</sup> 'Merit goods', in the language of neo-classical economics, are goods which confer long term benefits but which no individual thinks worth paying for. Examples include high culture, scientific research, education etc. Because free markets tend to undersupply merit goods it's generally accepted that there is a legitimate role for the state in providing them - hence public funding for education, the arts, research and public service broadcasting. Without the justification afforded by its provision of merit goods the legitimacy of both public funding and a system of governance offering those who pay few opportunities either to 'exit' or exercise their 'voice' (see Hirschman 1970).

<sup>22</sup> Cox is a man of great influence but without commensurate current formal position of authority. He was a senior programme maker and executive at one of the main commercial television companies, LWT, was deputy Chairman of Channel 4, chairs the Government appointed Digital Stakeholders Group, is the author of 'Free for all? Public service television in the digital age' (Cox 2004) and was News International Visiting Professor of Broadcast Media at the University of Oxford in 2003-4.

<sup>23</sup> The White Paper also enjoins the Trust to consider the Work Foundation's methods of improving public participation (see DCMS 2006: para 15.1.1).

<sup>24</sup> At The Future of the BBC: Westminster Media Forum Consultation Seminar on the Green Paper. June 2005.

<sup>25</sup> The wording of DCMS' invitation to participate in the consultation on BBC Charter Review did not invite respondents to distinguish between Government and Parliament. The wording of the relevant question ran: 'How do we ensure that the BBC is properly accountable to the public and Parliament? Should the public have a greater say and influence on the BBC? If so, how?' At [http://www.bbccharterreview.org.uk/pdf\\_documents/dcms\\_bbc\\_leaflet.pdf](http://www.bbccharterreview.org.uk/pdf_documents/dcms_bbc_leaflet.pdf) on 26.2.2006.

<sup>26</sup> It may be unwise to rely on the views expressed on BBC governance and accountability in the consultation. Analysis of responses by Ubiquis (2004: 29) found not only that the question about governance and accountability 'was unanswered by the majority of respondents' but that 'In the main, responses demonstrated an overwhelming lack of knowledge'.

<sup>27</sup> The Government's White Paper (DCMS 2006) proposes replacement of the Governors by a BBC Trust.

<sup>28</sup> Notably in the Report of the Burns Committee on BBC Charter Review (DCMS 2004 and 2005), the House of Commons Select Committee on Culture Media and Sport Report 'A Public BBC' (House of Commons Select Committee on Culture Media and Sport 2004), the Government's Green Paper 'Review of the BBC's Royal Charter: A Strong BBC, Independent of Government' (DCMS 2005a) and the House of Lords Select Committee on BBC Charter Review (House of Lords 2005).

<sup>29</sup> That is citizenship and civil society, promoting education and learning, stimulating creativity and cultural excellence, reflecting the UK, its Nations, regions and communities, bringing the world to the UK and the UK to the world and building digital Britain.

<sup>30</sup> The BBC's response to the Green Paper mentions possible capture of advisory groups by 'special interest or lobbying groups' (BBC 2005a: 103).

<sup>31</sup> The licence fee is a charge only on television viewers – currently there is no radio licence in the UK. The licence fee is formally classified as a tax by the Office of National Statistics (ONS 2006).

<sup>32</sup> The English Regions accountability network consists of over 500 people who advise the BBC's Governors on the performance of local and regional programmes and services in England. The network comprises the English National Forum, Regional and Local Advisory Councils.

<sup>33</sup> The BBC states (Dickie 2005):

- The BBC will always try to resolve the complaint at Stage One. However, after two exchanges of correspondence a complainant on an editorial matter is offered the option of appealing to the Editorial Complaints Unit for independent investigation of the complaint. Very serious complaints (for example, from parties directly concerned) will be 'red flagged' and after two exchanges the divisions themselves will consult the ECU about referral.
- The Programme Complaints Unit, renamed The Editorial Complaints Unit, investigates complaints independently from programme makers and its findings are now binding on divisions.
- Complaints Guidelines have been introduced for all BBC areas, setting out guiding principles (easy access, clear complaints routes, speedy, fair, effective and accountable), service standards and procedures for handling complaints.

There will be a greater willingness to admit mistakes, and learn from them where taken, and to publish corrections.

- On each divisional board there is a nominated complaints co-ordinator responsible for the proper handling and reporting of complaints in their area and for ensuring that any lessons to be learned are fed back into editorial and managerial processes.
- A new Complaints Management Board, chaired by the Deputy Director-General, has been established to oversee complaints handling within the Management and ensure best practice, and to ensure that the lessons are shared at all levels across the BBC.

The GPCC is also currently considering proposals to strengthen its own procedures and will consult the public on these in the coming months. They include, for example, provision for complainants to be more involved in the most serious cases.

<sup>34</sup> Ofcom states: We can consider the following programme complaints:

- Whether an item was not impartial
- Whether an item was accurate
- Whether an item was offensive or harmful; and
- Whether an item was fair or affected anyone's privacy

Programmes broadcast by the BBC and SC4 – we can consider issues relating to:

- Fairness and privacy; and
- Harm and offence

Sponsorship – we can consider:

- the credit given to any company sponsoring an item; and
- issues about any commercial influence in programmes

You can find additional information to help your general enquiry in [broadcasting codes](#).

<sup>35</sup> See, *inter alia*, Collins, Cave and Crowther 2004.

<sup>36</sup> In 2000 the then Secretary of State agreed the BBC licence fee settlement of RPI +1.5% on condition that the BBC realised £600m in savings and £490m in commercial earnings by 2006.



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<sup>37</sup>From BBC Annual Report and Accounts 2004/5: 104 and 106. NB, expenditure on programming, such as news, not included.

<sup>38</sup> The BBC's bid of RPI + 2.3% does not include the unspecified costs of assisting those whom the Government classifies as vulnerable to switchover to digital. The Government has stated that these costs will be a charge on licence fee revenues. No authoritative estimate of such costs is yet available but they are assumed to amount to an annual licence fee increase equivalent to at least an additional 0.5%.

<sup>39</sup> Others have identified further consumer criteria such as safety (Naomi Sargent has drawn attention to this criterion – see Sargent 1993) and value for money (indeed Potter herself, 1988: 157, describes value for money as a 'classic consumer demand').

<sup>40</sup> I have found one mention in 'Building Public Value' (BBC 2004) and one mention of Moore by Tessa Jowell (Jowell 2006).

<sup>41</sup> Ofcom's purposes may be found at Ofcom 2004: 72-3, DCMS' at DCMS 2005a: 8-9 and the BBC's different clusters of definition at several locations notably (for its five main forms of public value) BBC 2004: 8, (for its three types of contribution to informed citizenship) BBC 2004a: 2, (and for its five types of public purpose) BBC 2004: 12-15).

<sup>42</sup> See BRU undated, c1985, for an influential compendium of categories.

<sup>43</sup> However others have identified more types of broadcasting quality, Nikken (2001) for example found 19 different types of quality in children's television programmes.

<sup>44</sup> YouGov press release at [http://www.yougov.com/archives/pdf/OMI050101003\\_2.pdf](http://www.yougov.com/archives/pdf/OMI050101003_2.pdf) on 27.2.2006.

<sup>45</sup> See the Reuters 'Independence and Trust' Principles. 'Reuters shall at no time pass into the hands of any one interest, group or faction'; 'the integrity, independence and freedom from bias of Reuters shall at all times be fully preserved' and 'Reuters shall supply unbiased and reliable news' See <http://about.reuters.com/aboutus/editorial/independence.asp> on 16.2.2006.

<sup>46</sup> For some value for money assessments of BBC activities see [http://www.bbcgovernors.co.uk/docs/rev\\_valueformoney.html](http://www.bbcgovernors.co.uk/docs/rev_valueformoney.html) on 14.2.2006.

<sup>47</sup> The BBC's response to the NAO report is at [http://www.bbcgovernors.co.uk/docs/reviews/VFM\\_PSB\\_webversion.txt](http://www.bbcgovernors.co.uk/docs/reviews/VFM_PSB_webversion.txt) on 14.2.2006.

<sup>48</sup> A Relative Entropy Index is compiled by measuring the likelihood of different genres to be broadcast. Hellman states (2001:11) 'The Relative Entropy Index (H) represents the sum of likelihoods for the different genres to be broadcast on television. High relative entropy on a channel implies a high probability that many, or all, programme types are available in the programme mix. The more genres are represented in the output and the more evenly they are distributed across the schedule, the higher the relative entropy score. The higher the relative entropy, the higher the diversity to the viewer'. He defines the Deviation Index as a measure of 'how much the content of one network, in terms of programme types represented in its schedule, deviates from the content of another. Mathematically this is derived by subtracting the percentage of time p per programme category i by one broadcaster A from the corresponding figure by another and summing up the differences' (Hellman 2001: 12).

<sup>49</sup> The FCC uses the Herfindahl-Hirschman index. This assesses concentration - diversity - in supply by squaring the market share of each supplier in a particular market and benchmarking an unconcentrated, diverse, market as one in which the summed scores are less than 1000 and scores exceeding 1800 indicate a concentrated, undiverse, market (see, Department of Justice and Federal Trade Commission 1992). I draw on Napoli (1999) for this information.

<sup>50</sup> In a work cited in 'Building Public Value' (BBC 2004: 29).

<sup>51</sup> Ofcom also *sotto voce* implicitly recommended 'capping' the BBC's licence fee in arguing (Ofcom 2004a: 6) that PSB funding should not increase.

<sup>52</sup> That is, Oliver and Ohlbaum.

<sup>53</sup> The company Ofcom used to evaluate Oliver and Ohlbaum's study.

<sup>54</sup> Interviewed 12.9.02. Artsworld is a UK subscription financed digital television channel carried on Sky's satellite platform, in mid 2002 there was serious concern about the prospect of the imminent closure of Artsworld's services.

<sup>55</sup> Interviewed 2.10.02.

<sup>56</sup> See Ariel 18.9.02: 6.

<sup>57</sup> That is, after the announcement of impending establishment of the BBC's 'UK History' channel.

<sup>58</sup> An arts channel that went off the air in consequence of the BBC's impending launch of BBC4, a free-to-air digital arts channel.

<sup>59</sup> Interviewed 30.9.02.

<sup>60</sup> At The Future of the BBC: Westminster Media Forum Consultation Seminar on the Green Paper. June 2005.

<sup>61</sup> The widely shared presumption that the PVT would be applied pervasively, rather than only to new or significantly extended services, was shared by Ofcom which stated in 2005 'We... support its proposed application of a new public value test, which it has committed to apply to both existing and new services' (Ofcom 2005: 10).

<sup>62</sup> As previously stated, the six public purposes defined in the Government's Green Paper (DCMS 2005a: 8-9) as: sustaining citizenship and civil society, promoting education and learning, stimulating creativity and cultural excellence, reflecting the UK, its Nations, regions and communities, bringing the world to the UK and the UK to the world and building digital Britain.

<sup>63</sup> The Government has proposed that Ofcom should do it for a new service, but the BBC itself for extensions to existing services (DCMS 2005a: 76). The BBC is reluctant for Ofcom to undertake market impact assessments (because it believes Ofcom to have a conflict of interest) and proposes instead that Ofcom and the BBC should jointly commission market impact assessments from a third party.

<sup>64</sup> The Trust to which Ms Thomson referred is the body which the Government's Green Paper (DCMS 2005a) proposes as a replacement for the BBC's Governors.

<sup>65</sup> However, Levy (interview 18.5.2006) referred to the post-publication circulation of 'Building Public Value' to the whole of the board of the Dutch public service broadcaster NOS.

<sup>66</sup> This problem has been mitigated by the relocation of the Governors to BBC premises separate from those of the management and by a significant expansion of the Governors' Secretariat to 32 people. However, some think the question remains.

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