



The Application of
Public Value in the BBC
Informing decision-making

DR SABRINA BUNYAN, DR DAVID DUFFY,
PROFESSOR KRISTIAN LASSLETT AND DR KARL O'CONNOR

The need to test for public value in the BBC



To date there have been a number of attempts in academic and policy literature to comprehensively identify, measure and manage public value (Papi et al. 2018). The public value framework has been applied to aid decision making in settings as diverse as the BBC, Citizens Advice, the NHS, microfinance, tourism and cultural services (see BBC 2004; O'Connor 2017; Papi et al. 2018; Stuart 2011; Tritter 2011).

The BBC has put forward perhaps the most fully developed set of reflections on public value and its measurement of any UK public body (Collins 2007). This case study of the public value approach at the BBC provides our study with an informative benchmark from which to develop a public value toolkit which is applicable to other public sector organisations.

What is the public value framework?

The public value framework recognises that government is integral to the generation of a wide range of goods and services that are individually and collectively consumed by society, satisfying the needs and desires of citizens, just as the market aims to satisfy the needs and desires of individual consumers.


As a result, the public value framework attempts to generate concepts, methodological tools and analysis, that allows decision makers – at a policy and public management level – to strategically understand a) the different public values generated by an agency distilled through a rigorous investigation of stakeholder and public sentiment; b) the relative weight of these values for different stakeholder groups; c) the relationship between the organisation's work pipelines and public value generation; and d) levels of public value output over time measured through longitudinal data-sets.

(Bunyan et al 2019)

Public Value has been necessary for the BBC's own defence to secure its future legitimacy as a public broadcaster receiving license fees¹. It was adopted at a time when multiple challenges faced the organisation, including the BBC's declining share of television consumption, the public's willingness to pay rising license fees, concerns about programme quality and the general impact of a well-funded public sector broadcaster on competition and innovation in the broadcast market as a whole (Collins 2007).

The BBC has used the public value approach to identify and conceptualise the value the organisation creates and to use this indicator of value to inform decision making. The term public value was used in the title of the BBC's comprehensive 2004 strategy document setting out the organisation's ambitions for a digital age.

¹ Public value tests have also been used in to legitimatise public sector broadcasting in different national contexts, for example in Germany and Norway (Moe 2010).



“At the heart of Building Public Value is a vision of a BBC that maintains the ideals of its founders, but a BBC renewed to deliver those ideals in a digital world. That world contains the potential for limitless individual consumer choice. But it also contains the possibility of broadcasting reduced to just another commodity, with profitability the sole measure of worth. A renewed BBC, placing the public interest before all else, will counterbalance that market-driven drift towards programme-making as a commodity. Only a secure and adequately funded BBC can ensure that broadcasting retains its cultural (in the broadest sense) aspiration.”

(Michael Grade – Chairman BBC Governors, BBC 2004, p.3)

To guide decision-making the BBC considers the public value of everything it does – its services, its commercial activities, its scope and scale (BBC 2004). Since 2007, the BBC Trust (replaced by the BBC Board and OFCOM in 2017) has required a public value test prior to the launch of any new services². The public value test (PVT) is used as part of the regulatory framework of the BBC Trust over executive management and is perhaps the most obvious example of the BBC’s application of public value theory (Collins 2007). The test is designed to provide transparency and confidence in the decisions of the BBC to its stakeholders.

The rationale for a public value test in guiding decision-making at a public organisation is that commercial organisations have a range of financial techniques to help them, such as profit, return on capital employed, discounted cash flows and a range of other quantitative measures. There are very few such techniques available to public sector organisations. The added difficulty for public sector organisations is that public value has proved to be a much harder concept to measure (BBC 2004).

² A market impact assessment is conducted along with the public value test.

“Public value should... be seen... as a 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, p.8)

The application of public value

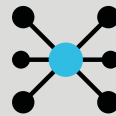
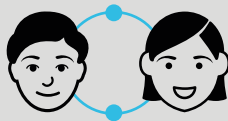


Early applications of the PVT were applied to the decisions including the establishment of the BBC iPlayer service, BBC high-definition television services, BBC Gaelic services, and Project Canvas (now known as Youview), a collaboration between the BBC and other providers to provide internet protocol television (Moe 2010). In respect

of public value management’s emphasis on communication between users and producers, the PVT involves public consultation, for example, the PVT of the BBC’s on-Demand service elicited more than 10,000 responses (BBC 2007). The BBC Trust has required modifications and substantial revisions to plans based on the PVT.

The components of public value

To conceptualise public value at the BBC value is considered on two dimensions. Firstly, value is considered in terms of the components of public value. The three key components of public value are:



PUBLIC VALUE = INDIVIDUAL VALUE + SOCIAL VALUE + NET ECONOMIC VALUE

- **Value to people as individual** consumers and licence fee payers. Value is created through informing, educating and entertaining.
- **Value to society as a whole** by contributing to the wider well-being of society. The wider social, democratic and cultural health of the UK is supported through the range and quality of broadcasting.
- **Net economic value** considers the impact on the performance of the wider commercial market. The BBC’s market impact can have a positive element, such as the impact on training and creative investment, but also a negative element in cases where it reduces demand for commercial products. The value for money of its services must also be considered, including the opportunity costs of failing to take an action.

Generating public value

Secondly, public value can be considered in terms of how it is generated. The BBC considers public value creation to occur mainly in the following five ways.



“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, p.30).

Measuring public value

Having identified the components of public value and the ways that value accrues, the BBC have established a means to measure public value in terms of four key value drivers, including reach, quality, impact and value for money.



Reach
the usage of a service over a given period.



Quality
the quality and distinctiveness of services.

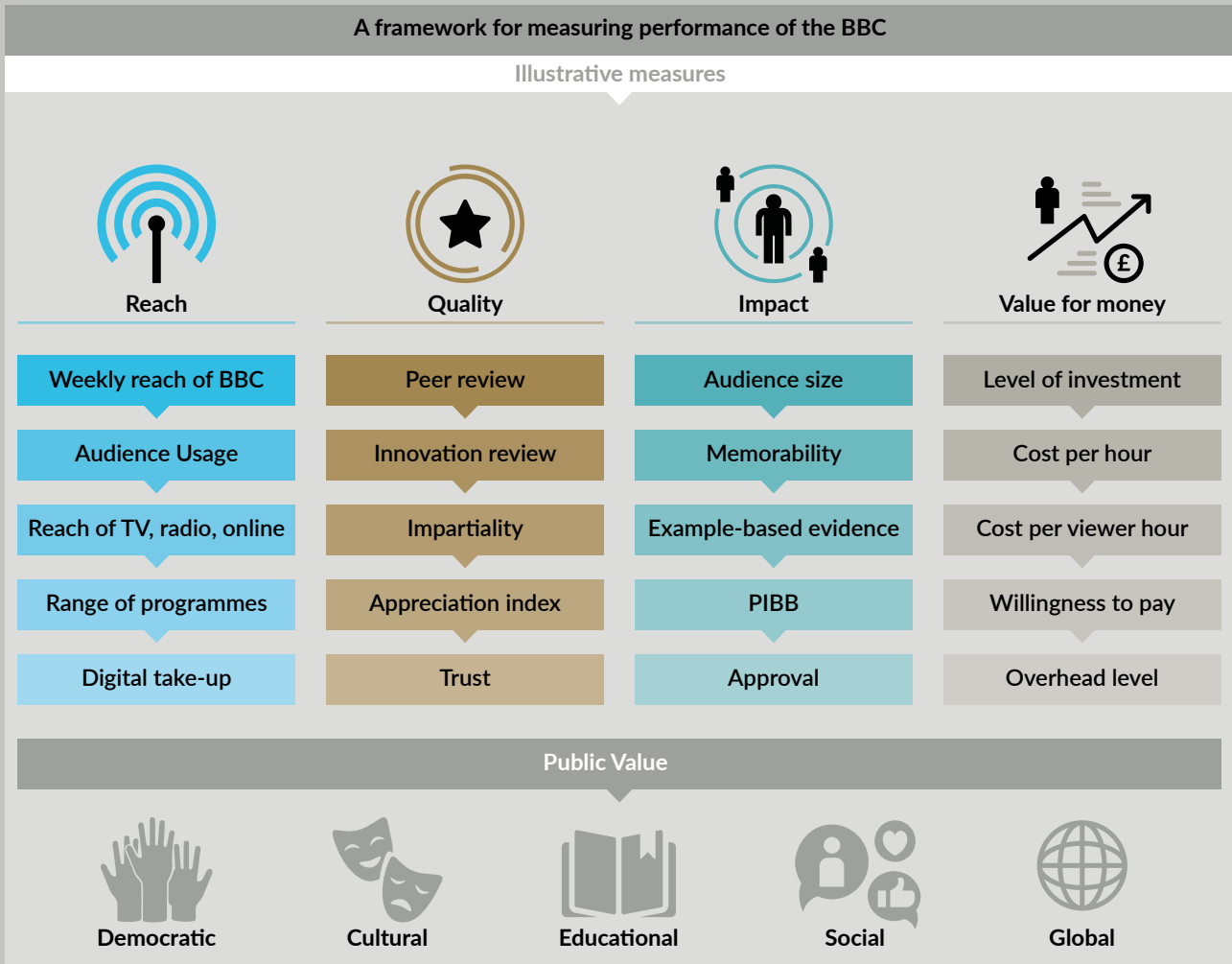


Impact
the impact in terms of consumer and societal benefit.



Cost & value for money
both the cost to the BBC and the efficiency of delivery.

Identifying and measuring multiple dimensions of these value drivers enables the BBC to measure its public value contribution. The following figure illustrates a framework for measuring performance in terms of public value at the BBC.



The components of public value

It is apparent that no single numerical calculation is feasible or practical to capture public value, rather a range of objective measures are necessary. Ultimately there remains no substitute for judgement when considering public value. As such, there is no public value decision algorithm, instead it involves a holistic and attentive use by decision makers

of the data produced through the public value measures. Appropriately applied and analysed this data will provide a rich source of information for reliably measuring public value.

Criticism of the public value approach

The public value approach at the BBC is not without its critics. The measurement of public value and its cost have proved to be challenging. Applying the PVT has been costly. There is an inherent contradiction with establishing the BBC's authorisation environment (accountability) with the organisation's independence. To put it another way, are the public always the best judge of what they should be watching? The BBC remains formally self-authorising and stakeholders lack real ability to co-produce or to offer sanctions for poor performance. Moreover, defining the social value, in particular, is problematic. What exactly does it mean to be a citizen rather than just being a consumer? Measurement remains an issue, although public value broadens the horizon with regards to what should be measured, there remains the difficulty that what is measurable, tends to be measured and subsequently becomes an objective. Moreover, while the BBC have identified four public value drivers, critics argue that only one, reach, is reasonably measurable. Although, the metrics

would suggest that key aspects of quality, impact and value for money are measurable. The separation of the BBC Trust from executive management means that the application of the PVT by the Trust appears to be more an element of stringent oversight rather than a management tool. As such, the PVT may be providing more of a regulatory function than a management function. Despite this criticism, the PVT has enabled the Trust to make changes to the proposals of executive management to the enhancement of Public Value.

Despite its critics, public value at the BBC has outlived the BBC Trust and remains at the forefront of decision-making at the organisation. With the expiration of its Royal Charter in 2017, the BBC Trust was dissolved and replaced by the BBC Board of Governors, with the Trust's regulatory functions transferred to Ofcom. The important role of public value generation is enshrined in the BBC's 2016 Royal Charter and forms a key part of what is now referred to as a 'Public Interest Test' (Department for Digital, Culture, Media & Sport 2016).

Conclusion

This BBC case study emphasises that there are no 'off the shelf' options available when applying a public value framework. The BBC confronts many of the same issues as the rest of the public sector which must address "How to modernise. How to reform. How to use the market. How to drive efficiencies and improve quality of service at the same time. How to put the priorities of its users first"

(Mark Thompson – BBC Director General).

The BBC's framework is replicable and has influenced the approach of current public value analysis being conducted by the Centre for Public Administration, which will also seek to address its weaknesses. Public value must be conceptualised, identified and measured in a manner which recognises the unique value a public organisation generates. The preliminary step in applying a public value toolkit to the provision of a service, such as forensic science, is to identify the public value generated. Then the challenge is to scale the public values, and identify appropriate measures that are rigorous and sustainable, delivering the ultimate findings in a format that is accessible for decision-makers and stakeholders.

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Centre for Public Administration

School of Applied Social and Policy Sciences

University of Ulster

Jordanstown Road
Newtownabbey BT37 0QB
Northern Ireland

E k.oconnor@ulster.ac.uk

T +44 28 9036 8885



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