

BBC Governance: Is a New Settlement Possible?



*The key players in the debate about the BBC Charter have now shown their hands. The public's voice is being filtered through a range of public consultations by **Parliament**, by **Government** and by the **BBC Trust**. As part of the Media Policy Project's **BBC Charter Review** series, LSE's Damian Tambini looks at the issue of BBC governance, applying the framework **outlined by Mariana Mazzucato** which highlights the BBC's role in innovating and standard-setting broadcasting. This goes beyond notions of market failure, to a consideration of the key governance issues currently under debate.*

The debate about scale, scope, remit and funding of the Corporation has been tricky, partly because it has been overshadowed by the sudden **announcement** of a real terms cut to the BBC's budget. Some have complained that it would have been more sensible to first work out what the BBC needs to do, and *then* how much this would cost. Others – **including me** – have pointed out that rushed backroom 'deals' on funding are no way to run an 'independent' broadcaster. Meanwhile, **the BBC has set out a plan** for the next Charter period, and the Secretary of State for Culture, Media and Sport, John Whittingdale, has **announced** that despite widespread understanding to the contrary, no 'deal' has yet been agreed.

All this underlines the need for some far-reaching clarifications of BBC governance and focuses attention on the independent **Clementi Review**. On the basis of the debate so far, there is a strong consensus that governance reform is necessary and that the last Charter – which ushered in the creation of the BBC Trust – got it fundamentally wrong. Specifically, that the regulatory and oversight roles of the Trust are insufficiently independent from the Corporation, and that its operational role potentially conflicts with the **regulatory function it also undertakes**.

So no one wants the status quo. Earlier this year, the **Culture, Media and Sport Select Committee**, then chaired by John Whittingdale, **recommended** that a Public Broadcasting Commission be set up to replace the **BBC Trust** and regulate the BBC. The Committee also suggested that Public Value Tests should be easier to trigger in response to changing market circumstances, and that Ofcom should take responsibility for some aspects of BBC content regulation that are currently the sole preserve of the BBC. BBC defenders see this as a move towards contestable funding (in which some monies would be ringfenced for other broadcasters to bid for to fund core public service genres) and weaken the BBC. However, even the BBC itself accepts the need for reform.

The BBC Trust has reiterated **the position set out** in March 2015, that it favours an external regulator ('OfBeeb'). The BBC has set out an **ambitious vision** of partnership, "platform thinking" and performance. On governance reform it suggests: a single, unitary, BBC Board independent of Government; ex-post regulation by a single body outside the Corporation; accountability to licence fee payers to be a core part of corporate governance; and BBC governance to be responsive to the diversity of the UK.



On the face of it then, there is consensus that the BBC needs a management board with clear responsibility for operational accountability. On external regulation the choice is between the Select Committee's proposals and 'OfBeeb'. Whatever the overall architecture, there remain some fundamental questions about the details – not least the question of who appoints the Director-General of the BBC, (currently the Trust.) Whether or not an alternative governance structure would have prevented high profile editorial and financial failures it is clear that we need to ask some fundamental questions about what the aims of reform are; and what we want it to achieve.

In an earlier blogpost on this site, Mariana Mazzucato **outlined a useful framework** for the BBC's role in innovating and standard-setting broadcasting going beyond notions of market failure. She calls this **her DOER framework**: setting *Direction*; managing *Organisational* change; *Evaluation*; and establishing *Rewards* that incentivise taking the right kinds of risk. Here is a first attempt to apply this framework to BBC governance reform.

Direction

Who sets the overall strategic direction for the BBC, as a way of structuring and standard setting for the wider UK media market? If the BBC becomes a subscription service, or incorporates elements of subscription, viewer demand will play a more important role in determining the BBC's remit and outputs. As Mazzucato points out however, serving demands from isolated consumers may not lead to the 'mission' we expect of such public institutions. Assuming that not all services will be funded by subscription, the overall aims and mission must still be set by Parliament and the public. The current **Charter** makes it the responsibility of the Trust itself (Art.23, 26) to set out Protocols that show how it will engage with licence fee payers. Whilst it is appropriate to give the Trust the discretion to decide how to do this, organisations such as the **Voice of the Listener and Viewer** have rightly suggested that **more could be done** to promote more active public engagement. The current Charter asks the Trust to 'assess the views of licence fee payers' resulting in what my colleague **Charlie Beckett** describes as 'consultation by survey'. The Charter could be revised to take much more direction from licence fee payers and others in setting the overall mission and assessing public value.

Organisational Change

The failure of the BBC's **Digital Media Initiative** cost UK licence fee payers £100 million. It is hard to adopt a 'fail again, fail better' attitude after this. Accountability for project management and spending does need to be strengthened, but the governance framework needs somehow to balance this with innovation and risk taking. The BBC is developing ambitious plans to continue the reinvention of Public Service Broadcasting in the age of platforms, but the current governance arrangements – and the very requirement of a BBC independent from Government interference – reinforce a risk averse, incremental BBC. Assuming that many of the Trust's duties will pass to OfBeeb or a PSC, the General Duties (Article 23) of the Trust should be radically revised.

Evaluation: Whither Public Value?



The BBC has **recently set out a new justification for the Corporation**, which “*does not rest on a model of ‘market failure’*. *The case for the BBC starts from a different set of considerations about the sort of society we want. Access to culture, media and information should be a basic human right, ensured regardless of a person’s ability to pay for it.*” This is a shift from the **Gavyn Davies review** notion of market failure, and from the 2004-6 notion of Public Value as a hybrid notion that includes economic notions of social externalities. This (in my view, correct and justified) shift in emphasis has far reaching governance implications. First of all, it may be useful to develop metrics, building on Public Value notions and spillovers, as Mazzucato proposes. It is not for the BBC, but for Parliament and the public, to set out ‘considerations on the sort of society we want’. These are set out in the **public purposes** of the BBC, which need to be revised for an age in which young people are **turning away from BBC services**.

Risks and Rewards

The framework for PSB is based on a series of regulatory goods. The BBC not only receives the licence fee but also benefits from prominence on programme guides, must carry rules, and free access to the airwaves. As I have **argued elsewhere**, these regulatory assets must be allocated in a way that is clearly linked to public service objectives, conditional on them, and entirely transparent.

All in all, we are set for a fascinating debate on reform of BBC governance. Let’s hope that the main dangers of the process – political capture and fudged compromise – don’t get in the way of creative solutions to the real challenges faced by reform of this treasured institution.

This blog gives the views of the author, and does not represent the position of the LSE Media Policy Project blog, nor of the London School of Economics.

*This post was published to coincide with a workshop held in November 2015 by the Media Policy Project, ‘BBC Governance: independence, innovation and accountability’. This was the first of a series of workshops organised throughout 2015 and 2016 by the Media Policy Project as part of a grant from the LSE’s Higher Education Innovation Fund (HEIF5). To read a summary of the workshop, please click **here**.*

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