

The David Hume Institute

7 November 2006

Jeremy Peat, BBC National Governor and Trustee-designate
Chair: Paul Carlyle, Partner, Shepherd and Wedderburn

“After the Governors – the role of the BBC’s new Trustees”

1. How will the new governance arrangements set up for the BBC under its new Charter that comes into effect on 1 January 2007 affect us all? Few better to help us come to grips with this than Jeremy Peat, moonlighting from his role as DHI's Director, who is BBC Governor for Scotland and one of the few governors who will make the transition to the board of Trustees, and hence unusually well placed to explain and discuss the implications of changes that will impact directly on all of us.
2. The event was sponsored by Shepherd and Wedderburn, and chaired by Paul Carlyle, in the unavoidable absence of Gordon Downie. In his introduction, Paul laid particular emphasis on the BBC’s role as key innovator at global level in media and technology.
3. Jeremy made a strong case that the changes – in terms of greater separation of functions, better transparency through clearer specification of purposes and more structured analysis of costs and benefits, and improved accountability – would be beneficial (though not without risks). Here are the key points:
 - **Greater separation:** The new arrangements will create a board of Trustees, with a clear remit to secure the public interest, alongside the executive of the BBC. Different people, different roles.
 - **Better transparency:** Like many people who have moved between public and private sectors, Jeremy felt strongly that it was much easier to specify and measure success in the private sector. That did not mean that it was less important to get to grips with these issues for public sector bodies. For the first time, the purpose of the BBC would be specified as:
 - Sustaining citizenship
 - Stimulating culture and creativity
 - Promoting education and learning
 - Reflecting the UK’s nations, regions and communities

- Bringing the UK to the world and the world to the UK
- Leading the digital switchover and encouraging emerging communications technologies

These explicit public purposes would be the touchstone for decisionmaking as to public value of individual proposals.

The exposition of how this would work (summarised in the formula “PVA(RQIV)=MIA=PVT”) was at the heart of this presentation. In translation, for the Trustees the key decision making tool would be the public value test which would bring together an assessment of public value in terms of reach (quality and quantity of audience); quality; impact; and value for money alongside a market impact assessment (undertaken separately by OFCOM). Normally this might take 6 months, but Jeremy was anxious that simpler issues should be fast tracked.

- **Improved accountability:** the key here was to marry increased openness with continued protection of the Trustees’ independence. Thus there would be close liaison with the National Audit Office, but without ceding power; evidence giving as requested at both Westminster and the Scottish Parliament (even though broadcasting is not a devolved function); and greater consultation on all aspects of developments both with the new Audience Council for Scotland and more generally.
4. The presentation proved an excellent platform for a particularly lively and challenging subsequent discussion phase. Amongst the points explored were the following:
- **Are the new arrangements disproportionately bureaucratic?** The BBC had a historic reputation for bureaucracy; and the outlined public value plans were dauntingly burdensome. Jeremy accepted that the new arrangements looked complex; and initially he had had doubts himself, but was now in the light of first results convinced that they could be made to work flexibly. It was the Trustees’ job to ensure this. He also pointed to the increasing use of external yardsticks to challenge BBC performance; and to results in streamlining BBC back office functions.
 - **Will Jeremy and his new colleagues be challenging enough?** The comment came from a BBC competitor, and Jeremy argued that the new arrangements took more account of market impact. In his view,

the BBC would not always be the best placed to deliver particular products and the system would so demonstrate.

- **How well will the new structures work when the BBC is under fire?** Will the Trustees act as a firewall to protect the BBC; or get sucked into operational matters? Jeremy stoutly argued that the Trustees would not interfere with individual editorial judgements so long as the guidelines were followed. He pointed to the series of impartiality reviews already commissioned by the Trustees as exemplifying their strategic not operational focus.
- **Given the fast-changing world of broadcasting, how long will the new structures last?** The issues are partly about technological progress, partly market shifts, partly government decision making. Jeremy frankly accepted that in a rapidly changing environment arrangements had to be sufficiently flexible to cope. They had to remain fit for purpose. Time would tell.
- **Why not give OFCOM the regulatory role rather than this internal split?** Unsurprisingly, Jeremy preferred the agreed internal model split between the BBC operation and the BBC Trustees with OFCOM having oversight only as regards taste and decency; but recognised that this has to demonstrate its efficacy.
- **Why not maximize accountability by having the Trustees elected by stakeholders on the National Trust model?** A mischievous one, this: Jeremy argued that direct election would potentially risk interest groups gaining dominance, and said that adhering to full Nolan principles in selecting Trustees gave a better outcome.
- **Is the license fee still the best basis for funding the BBC?** Jeremy said yes, but without much detail given ongoing discussions.
- **Is the BBC still run too much from London?** Jeremy was frank that this was a potential problem; as Scottish Trustee he would have to work hard, along with operational colleagues and advisory input, to ensure that it was challenged when necessary.
- **Is there a risk that the changes will be the first step towards privatisation of the BBC?** Again Jeremy was frank in acknowledging the risks alongside the opportunities. He had personally felt that the administrative separation previously introduced had gone far to address the acknowledged governance problems. But it was for Ministers to decide, and he and his colleagues were determined to make the new arrangements work, for the public benefit.

5. All in all, a thought-provoking session. Clearly some in the audience remained concerned that the changes were more of a threat than an opportunity; and some on the other hand that more radical market-based solutions had been ducked. Not all were convinced that the planned new public value methodology would be manageable in practice; nor others that the Trustees could keep out of operational matters when the heat was on. But the key message from Jeremy was that it has to be demonstrated that the BBC is delivering, and will continue to deliver, public value. The Trust has the key role in ensuring so and maximising the value generated. At the same time it has to convince the (rightly) sceptical public that public value is being delivered.

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