

Bringing Competition to Public Services

I was interested to see that the BBC has announced that the final round of its tender to find a supplier for its weather services will not include the UK Met Office - so ending a 93 Year relationship. In the accompanying statements it is suggested that the competition could be won by - shock-horror - a New Zealand or a Dutch company. The BBC says it is forced to take this action by its charter and new commercial relationships.

Whilst this is no doubt a political statement it led to a predictable reaction where people are crying out that it is unacceptable that one British institution is not able to support another one. There is outrage that the new supplier could come from overseas at the expense of a British one.

Of course, I welcome the decision to tender the service; it is how it should be and how the market should work. I suggest that the BBC has a duty to get value for money and should seek the best offer it can. That they say they are obliged to do so by their charter rather than as a move to seek best value for the taxpayer is disappointing.

The real lesson for me is that there is no mention of other UK bidders. It seems to suggest that no UK company has the skills or capability to meet the BBC needs – or at least at a price which is lower than the Met Office. It shows the danger of preserving a monopoly and especially that from a public body. Had the Met Office been forced to make its data available for open use, instead of waiting for European Open data directives, UK commercial companies would have been able to develop and would now be in a position to make competing offers to the BBC. Of course this would mean that the Met Office relinquished its monopoly on weather services, but in a wider economic sense and for the benefit of the UK economy at large, maybe a new services industry would have thrived in a sector in which the UK has an extremely strong track record. It is notable that those claiming that the BBC should continue to work with the Met Office at any price are defending this by saying that the UK is the world's best at weather forecasting.

The wider lessons are clear, the duty of public bodies should be clearly defined irrespective of their financing. Asking PSB's to subsidise their governmental tasks with commercial revenues leads to restrictive practices and unfair competition with the private sector. In some cases it is right that a public body continues to offer a monopoly service in the interests of all citizens; policing and public health and safety come to mind (although there are some mixed models even if we mostly no longer have private fire or police services). The government duty on behalf of the citizen is not challenged. Even public weather services could be maintained by government in the a public interest but the boundary with the private sector should be clear where companies can be confident to invest (as in the case to provide services to the BBC).

In the field of information services, mostly the public role should be limited to defining the information which is required and to acquire it. Mostly the services can be delivered by private organisations. We seek to introduce more clarity in this respect for Earth Observation services and by so doing create more opportunities for the private sector to deliver economic benefits to governments.