



# BBC Fair Trading: Consolidated Group Trading Manual

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# Introduction

This document sets out the specific arrangements the BBC has implemented to set charges for the goods and services that the BBC commercial subsidiaries (BBC Studios and BBC Studioworks) obtain from the BBC, and the goods and services the subsidiaries provide to the BBC. It also includes details of goods and services that the BBC provides to third parties outside the BBC Group, and material services that the BBC provides exclusively to third parties.

This document – the Consolidated Group Trading Manual – is issued as an update to the Consolidated Group Trading Manual published in July 2024. It includes the following sections for relevant transactions in the 2024/25 financial year:

- Table 1: Summary of the BBC's transfer pricing arrangements with its commercial subsidiaries (and third parties where a good or service is provided to commercial subsidiaries and third parties);
- Table 2: Summary of the goods and services of material value the BBC sells to third parties, but not to its commercial subsidiaries;
- Table 3: Summary of BBC Commercial Subsidiaries' transfer pricing with the BBC;
- Table 4: Summary of BBC Studios' (Global News) and the BBC's content supply arrangements; and
- Table 5: Summary of the BBC's rights licensing to BBC Studios and third parties.

The BBC has in place separate processes and procedures for commissioning which apply to BBC Studios' production division as well as third party producers;<sup>1</sup> these arrangements are not included in this document. Commissioning procedures are regulated by Ofcom and apply to how we treat both third parties and the subsidiaries.

The methodologies for trading in goods and services were set for the 2024/25 financial year to be fully compliant with [Ofcom's updated trading and separation rules](#). This document sets out details of any changes the BBC has made to charging methodologies or descriptions of the associated services provided in 2024/25.

Regular reviews of activity in both the subsidiaries and the BBC, as well as of the data in our financial systems, provide assurance that all material costs are covered by the transfer pricing arrangements and reflected in this document. Where any additional or new service activity is identified between the BBC and one of its subsidiaries, then an appropriate transfer pricing approach will be put in place, and the methodology will be described in the Consolidated Group Trading Manual.

The annual budget process includes a review of the transfer pricing arrangements to identify any required changes to these arrangements. This Consolidated Group Trading Manual is updated each year and published on the BBC website. Any changes to these methodologies and

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<sup>1</sup> See <https://www.bbc.co.uk/commissioning>.

the resulting impact are set out later in this Introduction section. Further rationale behind material changes can be found in Appendix 1.

We have separately published the total transfer charges between the BBC and each of the BBC's commercial subsidiaries in the BBC Commercial Holdings' Annual Report.

As required by the BBC's Charter, the National Audit Office (NAO) is required to reach an opinion on whether licence fee funds have been used for the purposes intended by Parliament (the Opinion on Regularity). One area of NAO focus is whether the Licence Fee has been used to subsidise the BBC's commercial activities. Their report for 2024/25 did not find any such irregularity.

## **BBC Global News**

Since 1 July 2021 BBC Global News has been a fully owned subsidiary of BBC Studios. Services provided by the BBC to BBC Global News are included in the SLAs between the BBC and BBC Studios, and are therefore reflected in Table 1 in the services provided by the BBC to BBC Studios.

Accountability for the BBC News channel outside the UK (previously BBC World News) transferred from BBC Global News to the BBC's World Service Group in the UK on 1 July 2021. A new distribution agreement was put in place to cover this change, and additional SLAs put in place and/or additional services added to existing SLAs to cover the associated services being provided by BBC Global News to BBC World Service Group for the BBC News TV channel (outside the UK).

Services provided by BBC Global News to the BBC continue to be provided in the name of BBC Global News (as a subsidiary of BBC Studios).

## **Price Basis & Rationale - General**

Across the services provided by the BBC to the BBC's commercial subsidiaries, or by the BBC's commercial subsidiaries to the BBC, there are consistent approaches to the price basis and rationale.

For consistency and clarity, the wording in the table below applies to the price basis and rationale for goods and services provided: (a) by the BBC to the BBC's commercial subsidiaries and to third parties outside of the BBC Group; (b) by the BBC to third parties only; and (c) by the BBC's commercial subsidiaries to the BBC and third parties outside of the BBC Group – as described in Tables 1 to 5 of this document.

Category Description	Price Basis	Rationale
Benchmark	Verifiable, comparable information on market price	Benchmarking data provides a market price range; the BBC then uses its internal cost base to set a transfer price in line with the market benchmark
Market price	Market price from contract agreed with external supplier	External supplier appointed using a competitive open market process. Price paid to contractor for service is therefore a market price
Direct cost	Cost-based approach	The BBC recharges all relevant costs

For all goods and services provided by the BBC to either a commercial subsidiary or third party, or by one of the BBC's commercial subsidiaries to the BBC, the BBC has sought in the first instance to establish a market-based price, which reflects the hierarchy set out in section B.3 of Ofcom's trading and separation rules. The BBC determines this by either:

- Using the price the BBC (or a commercial subsidiary) pays to third parties who provide services to the BBC following a competitive tender process (e.g. BBC tenders for IT or HR services).
- Using the price the BBC (or a commercial subsidiary) has paid for obtaining wider services in the market. The BBC does not exist in isolation and competes with third parties to obtain services, beyond a formal competitive tender exercise. For example, if the BBC rents commercial property it has to compete in the wider property market and pay a 'market' price.

Where it is not possible for the BBC to use a price directly determined in the market, or where the BBC wants to verify the continued accuracy of market prices it has paid previously, the BBC uses a benchmark to set a transfer price. The following are taken into consideration:

- Where the BBC benchmarks prices, benchmarking typically provides a range rather than a single point estimate. The BBC then compares its costs against this range, to determine how prices compare to an appropriate point, considering the scope of the service. This ensures the BBC can set a transfer price that is based on an appropriate market-based benchmark.
- In some instances the BBC benchmarks a price for a particular good or service; in others it benchmarks the component prices of the inputs that comprise that service. The BBC considers this to be a robust and practical approach, given the principles of benchmarking to determine market prices and the range of services provided between the BBC and its commercial subsidiaries.
- In the case of staff, the BBC and its commercial subsidiaries compete in the wider employment market to hire staff; the BBC therefore considers that these internal staff costs reflect the market price. The BBC also benchmarks remuneration packages to

verify the market competitiveness of its pay and conditions and to ensure they continue to be aligned with the market.

- The BBC's internal benchmarking exercises known as 'Compete or Compare', where the BBC seeks to ensure it achieves value for money by using competition wherever possible, and external benchmarking where available, to drive up standards and drive down costs.

Where it is not possible to either run a market process or use benchmarking to determine costs, then the BBC has used a cost-based approach. The BBC determines this based on the costs of providing a good or service, including the costs that can be directly attributed to a good or service, and relevant overheads. The BBC does not have a profit or market-based cost of capital so the BBC does not consider it appropriate to include profit or a return on capital charge within these costs.

## **Price Basis & Rationale - Business Support Services**

There are business support services that are provided only within the BBC Group (i.e. across the BBC and its commercial subsidiaries - not to third parties). Ofcom's trading and separation rules set out that for these services "the BBC must set prices that at least cover the long-run incremental costs of providing those goods and/or services".

Therefore, this document identifies which services are business support services, and then provides further detail on the basis of pricing for these business support services. In most instances this is based on the direct fully allocated cost of providing a good or service, which Ofcom's guidance makes clear is a reasonable proxy for long run incremental costs. In other instances this involves the pass through of a market price paid to an external provider of a service by the BBC. Where this occurs, this document clarifies that these prices are based on market price.

## **Approach to apportioning prices**

Once a price is established for each good or service traded between the BBC and a commercial subsidiary or third party, the BBC then charges this transfer price based on the use of the good or service provided. For example, if a commercial subsidiary uses BBC IT services, the BBC determines the market price for this based on the terms of the BBC's contract with its third party provider, and then allocates this to the commercial subsidiary based on the level of service and extent to which the commercial subsidiary uses the service. Where possible the BBC charges such third party costs directly back to the ultimate recipient so that the actual costs are charged, rather than allocate these at BBC Group level. These principles are reflected in detailed SLAs and property licences the BBC has put in place.

A number of services involve people employed by the BBC doing work for a commercial subsidiary. This is either through people employed by the BBC who work solely with a commercial subsidiary, or people who occasionally work with the commercial subsidiary. When charging for these employees, the BBC allocates the price according to a number of principles,

including the four outlined below. This is reflected in the descriptions of apportionment methodologies where the principle can be applied across one service:

- Based on usage (relevant % of staff effort)
- Based on usage (100% dedicated staff effort)
- Based on usage (hourly/daily/weekly rate card)
- Based pro-rata on the subsidiary's full time equivalent (FTE) as a proportion of total BBC Group's FTE

### BBC Pay Inflation Rate

In the previous version of this document, we set out how we had simplified the SLAs process for some staff heavy services involving BBC employees doing work for a commercial subsidiary.

This involved extending the term to three years (between the period FY 2022/23 – 2024/25), applying a fixed increase to the charges from the financial year provided the effort (of providing the services to the relevant subsidiary) remained the same and the BBC's Pay Inflation Rate (the BBC's annual pay inflation award agreed with the collective unions applying to all BBC employees) was within a specific range.

However, as the BBC's Pay Inflation Rate was above the upper threshold, we reverted back to only fixing charges for one year as per the previous methodologies.

We have therefore deleted the wording '*with BBC pay inflation rate*' and '*[relevant] threshold*' under the relevant services' Apportionment Methodology in Table 1.

### Non-Embedded Staff property costs

Where BBC employees do work for a commercial subsidiary, they are often based on BBC property. There are therefore property costs associated with the people undertaking the work.

These property costs are calculated in accordance with the following formula:

Applicable EFT of the BBC Non- Embedded Staff	x	Average cost per desk, calculated against the applicable London or non- London rate (determined by the location of the BBC Non-Embedded Staff)	x	Occupancy Rate	x	Agreed allocation of the use by each commercial subsidiary of, and the time spent by BBC Non- Embedded Staff in providing the services
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These non-embedded staff property costs are applied where business support services are provided by BBC staff spending some of their time undertaking work for the commercial subsidiaries, and which are charged based on usage (but not where a rate card is used, where any property costs are built into the rate card). The services that include such costs contain the wording '*includes non-embedded staff property costs*' under the relevant services' Apportionment Methodology in Table 1.

## **Services provided to Third Parties**

Where there are services that the BBC provides to external third parties as well as commercial subsidiaries (as set out in Table 1), these are charged on the same price basis that the BBC charges its commercial subsidiaries.

Where there are services the BBC provides to third parties but does not provide to its commercial subsidiaries (as set out in Table 2) the BBC endeavours wherever possible to charge a market price, or base the price on benchmarks, in line with Ofcom's requirements.

## **Brand Fee**

This document also describes the arrangements in place to manage how the subsidiaries pay for and use the BBC Brand. It sets out:

- The rights the subsidiaries have to use the BBC Brand under their Brand Licences;
- The methodologies we have used to determine how much the subsidiaries pay to use the BBC Brand; and
- The circumstances where the subsidiaries will and will not pay the BBC to use the BBC Brand.

Arrangements concerning the Brand Fee will continue to be updated, where appropriate, on a regular basis and published in this Consolidated Group Trading Manual on the BBC website.



## Amendments from version 8.0

### General

The following general updates have been made:

- General correction of minor grammatical errors.

### **Table 1: Summary of BBC's transfer pricing with its commercial subsidiaries (and third parties where a good or service is provided to commercial subsidiaries and third parties) and Further description of goods and services the BBC provides to Commercial Subsidiaries**

Table 1 and the associated descriptions have been updated as follows:

#### Archive

- Updated the Price Basis & Rationale and Apportionment Methodology for *Archive Systems* to “*For non-BBC commissions: Direct Cost*” and “*Per head charge per system*” reflecting that the BBC is reducing the range of systems. Also added Studioworks as being in receipt of the service.

#### External Communications

- Added *Subscription services* for use of COLIN.

#### Finance

- Added the words “*up to 30 June 2024, TCS from 1 July 2024*)” to *Business Process Operations (IBM Outsourced Processes)* and updated Apportionment Methodology to “*Based on subsidiary's spend as a proportion of BBC Group spend (excluding BBC Studios Distribution spend)*”.
- Updated *Group Tax Compliance & Advisory* to *Global Tax Compliance & Advisory*.

#### Human Resources (HR)

- Updated Apportionment methodology for *Contingent Workforce* from “*Allocation of costs of dedicated commercial subsidiaries' focused team based on volume of tickets raised and booking assessments received as percentage of BBC Group's volume of tickets raised and booking assessments received*” to “*Allocation of costs of dedicated commercial subsidiaries' focused team based on volume of tickets raised a percentage of all commercial subsidiaries' volume of tickets raised*” to better reflect use of the service.
- Updated *HR Service* to *HR Services (excluding Reward and Contingent Workforce)* for clarity, and updated Apportionment Methodology to make it clear it applies to UK FTEs only.
- Updated *Reward* Apportionment Methodology to make it clear it applies to UK FTEs only.

#### Marketing & Audiences

- Added *Nominated Representative Services* as a new service for FY 2024/25.

- Added *Promotional Stills* as a new service for FY 2024/25.
- Added references to “*Brand Tracker*” and “*Tableau*” to the associated description of *Digital Analytics*, and deleted the reference to the “*MVT Tool*” which is now provided under *Product Group*.

#### Product Group

- Addition of *Product Group* as a new service for FY 2024/25. *Product Group* services were previously supplied under the *Technology & Operations* SLA but were separated out due to internal BBC structural changes.

#### Training – BBC Academy

- Addition of “(e.g. *number of licences*)” under Apportionment Methodology for *Third Party training materials*.
- Deletion of reference to partnership under the description of *Development of bespoke courses, training courses and events* as the relevant partnership has now ended.

#### **Table 2: Summary of the goods and services the BBC sells to third parties, but not to its commercial subsidiaries**

No changes have been made to the services in Table 2.

#### **Table 3: Summary of BBC Commercial Subsidiaries’ transfer pricing with the BBC and Further description of goods and services the BBC Commercial Subsidiaries provide to the BBC**

Table 3 and the associated descriptions have been updated as follows:

#### Archives

- This has been deleted as technically it is not a service provided to the BBC but rather a revenue share from archive content licensed from the BBC (which is covered under Table 4) and sub-licensed to third parties.

#### Property

- Price Basis & Rationale for *Office Space Overseas* has been amended to “*Benchmark*” and the Apportionment Methodology has been amended to “*Depending on location, based on number of workstations allocated to the BBC in relation to total workstations and shared office costs; number of BBC EFT as proportion of EFT based at the location*” to better reflect the service.

#### Support Staff

- Price Basis & Rationale for *Support Staff – Overseas* and *Support Staff – UK* have been amended to “*Benchmark*” to better reflect the pricing methodology for the service.
- Addition of “(in some instances including IT and non-embedded property costs)” under Apportionment Methodology for *Support Staff – Overseas*.

**Table 4: Summary of BBC Studios' (Global News) and the BBC's content supply arrangements and Further description of content supply arrangements between BBC Studios (Global News) and the BBC**

Table 4 and the associated descriptions have been updated as follows:

Online Content (News)

- Updated from *Online Content (News and Sport)*.
- Updated Price Basis & Rationale to *"If originally produced for use by BBC: Benchmark"*, and Apportionment Methodology to *"Based on the unit price per article and volume of unique new daily news content supplied to BBC Global News multiplied by 365 days for the total annual cost"* to reflect the recent review of BBC Studios' use of BBC's digital news content and change in methodology resulting from the review and benchmarking
- Updated Apportionment Methodology for *"If produced specifically for BBC Global News: Direct Cost"* to *"Based on full direct and indirect costs of creating the content and proportion of the total cost of international editions, plus a margin"* for clarity and to reflect the recent review of BBC Studios' use of BBC's online news content.

Online Content (Sport)

- Added to delineate the differences between online sport content and online news content.

Online Content

- The Further description of this service has been updated to reflect the above changes for online news content and online sport content.

**Table 5: Summary of the BBC's rights licensing to BBC Studios and third parties and Further description of the BBC's IP licensing to BBC Studios and third parties**

No changes have been made to the services in Table 5.

Table 1: Summary of BBC's transfer pricing with its commercial subsidiaries (and third parties where a good or service is provided to commercial subsidiaries and third parties)

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC	Studios	BBC Studioworks	Third Parties
<b>ARCHIVES</b>						
Archive Library Services	Direct Cost	Based on usage (daily/weekly rate card)	✓		✗	✓
Archive Systems	<i>For non-BBC commissions:</i> Direct Cost	Per head charge per system	✓		✓	✗
	<i>For BBC commissions:</i> Benchmark	N/A – production companies are provided access to archive systems free of charge for the purposes of BBC commissions	✓		✓	✓
Subscription Services	Market Price	Based on subsidiary FTE as a proportion of total BBC Group's FTE	✓		✗	✗
<b>COMMERCIAL RIGHTS AND BUSINESS AFFAIRS (CRBA)</b>						
CRBA Rights Framework & Blankets Service (including CRBA Legal Service) and Talent Processing & Reporting Service	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort) (includes non-embedded staff property costs)	✓		✗	✗

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC	Studios	BBC Studioworks	Third Parties
Music Copyright Service	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort) (includes non-embedded staff property costs)		✓	✗	✗
CRBA Newspaper Licensing Agency Media Access and Copyright Licensing Agency	Market Price	Based on subsidiary FTE as a proportion of total BBC Group's FTE		✓	✗	✗
<b>EXTERNAL COMMUNICATIONS</b>						
External Communications Service (including Press Office and Public Affairs services)	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort) (includes non-embedded staff property costs)		✓	✗	✗
Press Cutting Service	Market Price	Based on subsidiary FTE as a proportion of total BBC Group's FTE		✓	✓	✗
Subscription services	Market Price	Based on number of subsidiary licences		✓	✗	✗
<b>FINANCE</b>						
Business Process Operations (IBM Outsourced Processes up to 30 June 2024, TCS from 1 July 2024)	Market Price	Based on subsidiary's spend as a proportion of BBC Group spend (excluding BBC Studios Distribution spend)		✓	✓	✗
Business Process Operations (BBC BPO Contract team)	Business Support Service; Direct Cost	Proportion of subsidiary's share of total BBC Group spend		✓	✓	✗

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC	Studios	BBC Studioworks	Third Parties
Business Process Operations (BBC Payroll Services team)	Business Support Service; Direct Cost	Proportion of subsidiary's share of total BBC Group Payroll FTE		✓	✓	✗
Finance Central	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort) (includes non-embedded staff property costs)		✓	✗	✗
Global Tax Compliance & Advisory	Business Support Service; Direct Cost	Based on number of overseas entities within each subsidiary as a percentage of total number of BBC Group overseas entities		✓	✗	✗
Sustainability	Business Support Service; Direct Cost	Based on subsidiary's proportion of total BBC Group revenue		✓	✓	✗
Tax	Business Support Service; Direct Cost	Based on estimated proportion of time spent on activities relating to subsidiary (includes non-embedded staff property costs)		✓	✓	✗
Treasury	Business Support Service; Direct Cost	Based on time spent, the number of active bank accounts and volume of trades as a proportion of total BBC Group figures (includes non-embedded staff property costs)		✓	✓	✗
<b>HUMAN RESOURCES (HR)</b>						
Contingent Workforce	Business Support Service; Direct Cost	Allocation of costs of dedicated commercial subsidiaries' focused team based on volume of		✓	✓	✗

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC	Studios	BBC Studioworks	Third Parties
		tickets raised as percentage of all commercial subsidiaries' volume of tickets raised				
HR Services (excluding Reward and Contingent Workforce)	Business Support Service; Direct Cost	Based on subsidiary's UK FTE as a proportion of total BBC Group's UK FTE (includes non-embedded staff property costs)	✓		✓	✗
Reward	Business Support Service; Direct Cost	Based on subsidiary's UK FTE as a proportion of total BBC Group's UK FTE (includes non-embedded staff property costs); Head of Reward based on estimated proportion of time spent on activities relating to subsidiary	✓		✓	✗
<b>INTEGRATED PRODUCTION FACILITIES</b>						
Rent	Direct Cost	Based on floor space occupied by the subsidiary (m²)	✓		✗	✗
Utilities and other costs	Market Price	Based on floor space occupied by the subsidiary (m²)	✓		✗	✗
<b>LEGAL</b>						
Legal assistance and advice	Business Support Service; Direct Cost	Based on usage (hourly rate card)	✓		✓	✗
<b>MARKETING &amp; AUDIENCES (M&amp;A)</b>						

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC	Studios	BBC Studioworks	Third Parties
Audience Data – bespoke reports or research	<i>If commissioned from third parties:</i> Market Price	<i>Subsidiaries:</i> Pass-through of third party cost to the subsidiary  <i>Third Parties:</i> Based on data volume required		✓	✗	✓
	<i>If undertaken by BBC:</i> Business Support Service; Direct Cost	Based on reports or research commissioned, including staff time		✓	✗	✗
Audience Data – third party providers	Market Price	Pass-through of third party cost to the subsidiary		✓	✗	✗
Audience Data on BBC commissions – Other	<i>Internal Reports:</i> Benchmark	N/A – all production companies are provided with audience data relating to their BBC programmes through the BBC's Audiences Portal free of charge		✓	✗	✓
	<i>External Reports:</i> Market Price	Pass-through of third party cost to the subsidiary		✓	✗	✗
Creative Services	Benchmark	Based on usage (daily/weekly rate card)		✓	✗	✓
Nominated Representative Services	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort)		✓	✗	✗
Digital Analytics	Market Price	Pass-through of third party cost based on % usage		✓	✗	✗



Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC	Studios	BBC Studioworks	Third Parties
Promotional Stills	Direct Cost	Based on relevant % of staff effort		✓	✗	✗
Studio Audience Services: Stewarding	Benchmark	Based on usage (daily/weekly rate card) plus a booking fee		✓	✓	✓
Studio Audience Services: Ticketing	Market Price	Based on usage (daily/weekly rate card)		✓	✓	✓
<b>PROCUREMENT</b>						
Business Support (Studios Production)	Business Support Service; Direct Cost	Based on Studios Production invoice spend as a proportion of total BBC Group invoice spend (includes non-embedded staff property costs)		✓	✗	✗
Business Support (Studios Distribution)	Business Support Service; Direct Cost	Based on usage (100% dedicated staff effort)		✓	✗	✗
Corporate Insurance	Market Price	Based on the subsidiary's proportion of cover required from the total market price BBC Group pays for insurances		✓	✓	✗
Corporate Insurance support costs	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort)		✓	✓	✗
Flight Booking Service	Market Price	Based on the subsidiary's share of offline bookings as a proportion of total BBC Group offline bookings		✓	✗	✗

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC	Studios	BBC Studioworks	Third Parties
Operational Process Support - Studios Production	Business Support Service; Direct Cost	Based on Studios' Production average volume of purchase orders raised as a proportion of total BBC Group (includes non-embedded staff property costs)		✓	✗	✗
Operational Process Support - Studios Distribution	Business Support Service; Direct Cost	Based on usage (100% dedicated staff effort)		✓	✗	✗
Procurements via preferred supplier lists	Market Price	Based on pass through of the cost of items procured by the subsidiary		✓	✗	✗
<b>PRODUCT GROUP</b>						
Product Group Service	<i>If commissioned from third parties:</i> Market Price	Based on use of relevant service by the subsidiary		✓	✗	✗
	<i>If undertaken by the BBC:</i> Business Support Service; Direct Cost	Based on usage (staff time and/or equipment cost) (includes non-embedded property costs)		✓	✗	✗
Multivariate Testing Tool	Market Price	Based on number of licences		✓	✗	✗
<b>PRODUCTION FACILITIES</b>						
Production facilities and support across the UK	Benchmark	Based on facility being used (type and duration) and associated support services, including staff time		✓	✗	✓

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC Studios	BBC Studioworks	Third Parties
<b>PROPERTY</b>					
Office and production space – Rental Charge (within UK)	<i>If office space has been competitively procured by the BBC: Market Price</i>	Based on floor space occupied (m²)	✓	✓	✓
	<i>If office space has not been competitively procured by the BBC: Benchmark</i>	Based on floor space occupied (m²)	✓	✓	✓
Office space – Rental Charge (overseas)	Direct Cost	Based on number of workstations allocated to the subsidiary or third party in relation to total workstations	✓	✗	✓
Office space – Utilities and other costs (within UK)	Market Price	Based on floor space occupied by the subsidiary or third party	✓	✓	✓
Office space – Utilities and other costs (overseas)	Direct Cost	Based on number of workstations allocated to the subsidiary or third party in relation to total workstations	✓	✗	✓
<b>QUALITY, RISK AND ASSURANCE (QRA)</b>					
Internal Audit	Business Support Service; Direct Cost	Based on number of audits (includes non-embedded staff property costs)	✓	✓	✗

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC	Studios	BBC Studioworks	Third Parties
Safety, Security and Resilience (incl. High Risk and Corporate Security)	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort) (includes non-embedded staff property costs)		✓	✗	✗
Health and Safety	Business Support Service; Direct Cost	Based on usage (daily rate card)		✓	✓	✗
Film Advice Unit	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort) (includes non-embedded staff property costs)		✓	✗	✗
<b>SCHEDULING STAFF</b>						
Scheduling Staff	Business Support Service; Direct Cost	Based on usage (100% dedicated staff effort)		✓	✗	✗
<b>TECHNOLOGY</b>						
Non-Core Technology Service (other non-core)	<i>If commissioned from third parties:</i> Market Price	Based on use of relevant service by the subsidiary		✓	✗	✗
	<i>If undertaken by the BBC:</i> Business Support Service; Direct Cost	Based on usage (staff time and/or equipment cost)		✓	✗	✗

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC	Studios	BBC Studioworks	Third Parties
Non-Core Technology Service (software build/development)	Business Support Service; Direct Cost	Based on usage of digital products and services, including staff time to develop new products		✓	✗	✗
Production Equipment Service	Business Support Service; Direct Cost	Based on hire of equipment, training, and/or maintenance, including staff time		✓	✗	✗
Connectivity Services, EICTH Services, Specialist Change Support Services, Technology Governance Services	Market Price	Based on use of relevant service by the subsidiary		✓	✓	✗
EICTH Services, Service Recipient Specific Infosec Services, Specialist Change Support Services, Technology Governance Services, Technology Embedded Staff Services, Corporate Systems Projects (improvements and maintenance)	<i>If resourced from third parties:</i> Market Price	Based on use of relevant service by the subsidiary		✓	✗	✗
	<i>If resourced by the BBC:</i> Business Support Service; Direct Cost	Based on usage (staff time and/or equipment cost)		✓	✗	✗
<b>TELEVISION AND MEDIA OPERATIONS</b>						
Televisions and Media Operations	Business Support Service; Direct Cost	Based on usage (hourly rate card)		✓	✗	✗
<b>TRAINING – BBC ACADEMY</b>						

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC	Studios	BBC Studioworks	Third Parties
Development of bespoke courses; training courses and events	Direct Cost	Based on usage (relevant % of staff effort)		✓	✓	✓
Face to face and online training courses	Direct Cost	Based on usage (per session rate card)		✓	✓	✓
Early Careers Schemes	Business Support Service; Direct Cost	Based on usage (per scheme rate card)		✓	✗	✗
Leadership and Personal Development schemes	Business Support Service; Direct Cost	Based on usage (per session rate card)		✓	✓	✗
Third Party Training Materials	Market Price	Based on use of relevant training materials by the subsidiary (e.g. number of licences)		✓	✓	✗

## Table 2: Summary of the goods and services the BBC sells to third parties, but not to its commercial subsidiaries

The BBC provides services to third parties that are not provided to the commercial subsidiaries. The below table outlines the material services that the BBC trades with third parties – these are charged at a market price.

Services Provided	Description
<b>ADVERTISING SPACE</b>	
Advertising	The BBC is allowed to feature advertising on content and services which are broadcast or are available overseas. As such, the BBC supplies some overseas advertising to third parties, such as contracting third party podcast advertising specialists who sell and deliver advertising into BBC podcasts in streams consumed outside of the UK.
<b>BBC FILMS</b>	
Investment in film production	The BBC receives box office income for films that the BBC has invested in and released. Under these arrangements, the BBC makes an investment in the cost of producing a particular film, and receives box office income that is commensurate with the investment.
<b>BROADCASTING SERVICES</b>	
Playout Services	The BBC receives income from select third parties for delivery and co-location of playout services from Cardiff, Central Square. The BBC supports the playout process from ingest of completed programmes to playout of programmes, including service provision of continuity announcers and includes provision of Broadcast Services, Media Asset Management Services, Office Technology Services, Technology Support Services as well as Business Service Management, Hosting and Development Services.

Services Provided	Description
<b>NEWS</b>	
BBC Monitoring	BBC Monitoring is a division of the BBC World Service Group. It provides translation and analysis of news sources from around the world. BBC Monitoring provides the service within the BBC public service and to the UK Government and other public authorities.
<b>ROYALTIES</b>	
Research & Development Licensing	The BBC is entitled to a share of net profit in royalties from third parties for the secondary sale of BBC technology and systems.
<b>TECHNOLOGY</b>	
Distribution Capacity	The BBC sells spare data and distribution capacity to other broadcasters and associations.
Content format conversion	The BBC converts some content as required to be compatible with streaming platforms.
<b>TICKET SALES &amp; EVENTS</b>	
Ticket Sales (excluding tickets for the events referred to in clause 49(4)(h) of the Agreement)	The BBC generates income through the sale of tickets to events and tours.
Performance Income	The BBC receives engagement fees from third parties (venues or recording studios) for BBC Orchestra performances.



Table 3: Summary of BBC Commercial Subsidiaries' transfer pricing with the BBC

Services Provided	Price Basis & Rationale	Apportionment Methodology	Subsidiary providing service to the BBC
<b>CHANNEL DISTRIBUTION</b>			
Channel collation, distribution and translation services for the BBC News channel (outside the UK)	Benchmark	Based on number and type of FTE allocated to the BBC (including IT and non-embedded property costs)	BBC Studios (BBC Global News)
	Market Price	Pass through of distribution and other third party contract costs	BBC Studios (BBC Global News)
<b>PRODUCTION FACILITIES AND RELATED SERVICES</b>			
Production facilities, equipment and crewing; other studio and post production services	Market Price	Based on facility or service being used (e.g. type and duration)	BBC Studioworks
<b>PROPERTY</b>			
Office space in UK	<i>If office space is competitively procured:</i> Market Price	Based on floor space occupied by the BBC (m <sup>2</sup> )	BBC Studioworks
	<i>If office space is not competitively procured:</i> Benchmark	Based on floor space occupied by the BBC (m <sup>2</sup> )	BBC Studioworks

Services Provided	Price Basis & Rationale	Apportionment Methodology	Subsidiary providing service to the BBC
Office space overseas	Benchmark	Depending on location, based on number of workstations allocated to the BBC in relation to total workstations and shared office costs; number of BBC EFT as proportion of EFT based at the location	BBC Studios
<b>RIGHTS NEGOTIATION</b>			
Management of clearances for repeats and iPlayer	Benchmark	Based on staff time	BBC Studios
<b>SIMULTANEOUS EUROPEAN RELAY (SER) AND EDUCATIONAL RECORDING AGENCY (ERA)</b>			
Sale of rights to transmit BBC channels as agent for the BBC to third party operators in Benelux and Republic of Ireland (via SER) and to UK education institutions (via ERA)	Benchmark	Based on a proportion of the fees raised by exploiting the SER and via the ERA	BBC Studios
<b>SUPPORT STAFF</b>			
Support staff – Overseas	Benchmark	Based on number and type of FTE allocated to the BBC (in some instances including IT and non-embedded property costs)	BBC Studios (BBC Global News)
Support staff – UK Based	Benchmark	Based on number and type of FTE allocated to the BBC (including IT and non-embedded property costs)	BBC Studios (BBC Global News)

Table 4: Summary of BBC Studios' (Global News) and the BBC's content supply arrangements

Services Provided	Price Basis & Rationale	Apportionment Methodology
BBC World Service Features/Short Films	Benchmark	Each title has a separate agreement which specifies the price for that title.
Online Content (News)	<i>If originally produced for use by BBC: Benchmark</i>	Based on the unit price per article and volume of unique new daily news content supplied to BBC Global News multiplied by 365 days for the total annual cost. .
Online Content (Sport)	<i>If produced specifically for BBC Global News: Direct cost</i>	Based on full direct and indirect costs of creating the content and proportion of the total cost of international editions, plus a margin.
	<i>If originally produced for use by BBC: Incremental cost</i>	Based on the total incremental costs of content production and centralised overhead costs associated with creating online content supplied to BBC Global News.
	<i>If produced specifically for BBC Global News: Direct cost</i>	Based on full direct costs of creating the content.
Third party rights/licences	Market Price	Based on pass through of costs from BBC Global News' use of relevant services.

Table 5: Summary of the BBC's rights licensing to BBC Studios and third parties

Services Provided	Price Basis	Rationale	Apportionment Methodology
Upfront investment (to acquire rights) in BBC in-house production	Market price derived by benchmarking for a licence to exploit IP	The BBC benchmarks prices charged to BBC Studios against the prices paid by third parties in the market for equivalent rights	Based on a separate licensing agreement which specifies the prices for each title
Rights archive licensing	Market price derived by benchmarking for a licence to exploit IP	The BBC benchmarks prices charged to BBC Studios against the prices paid by third parties in the market for equivalent rights	Based on a separate licensing agreement which applies pre-agreed commercial terms for the rights licenced in respect of each title

# Further description of goods and services the BBC provides to Commercial Subsidiaries

## ARCHIVES

### **Archive Library Services**

The BBC Archives team provides an Archive Library Service which includes the provision of research, management and loans services to facilitate access to and management of BBC archive content for BBC commissions. BBC archive content is any content created during the production process plus any accompanying business records that meet selection criteria set by BBC Archives.

Where BBC Archive staff members are commissioned to produce research/deliverables, Archive Library Services are charged on a pay-as-you-use basis when required by any production company for a BBC commission, including BBC Studios (for both its production and distribution activities).

### **Archive Systems**

The Archive Technology and Services (AT&S) team are responsible for a number of bespoke Archive Systems which allow registered users to access archive content (e.g. Digital Archive, Archive Search, Fabric and Redux). Due to copyright restrictions, the BBC is only able to provide third party access to BBC Archive Systems for the purposes of delivering Production led BBC commissions. Access to BBC Archive Systems is provided at no charge for the purposes of delivering BBC commissions or where formally contracted for development purposes.

Access to BBC Archive Systems does not include the right to reuse any archive content. Users must obtain all necessary permissions and consent, and make all necessary payments, for any reuse of archive content accessed via BBC Archive Systems.

The relevant subsidiaries are required to pay a charge to access BBC Archive Systems for the purposes of non-BBC commissions.

### **Subscription Services**

The Archives team also manages a number of third party licensing and subscription services. BBC Studios pays the BBC market rate for these based on the costs that the BBC pays for its subscriptions.

## COMMERCIAL RIGHTS AND BUSINESS AFFAIRS (CRBA)

### **CRBA Rights Framework & Blankets and Talent Processing & Reporting**

The CRBA Rights Framework & Blankets service provides advice and support, including lobbying and negotiating deals with talent unions and rights owners on behalf of BBC Studios as part of the BBC Group (including for literary copyright, performers' rights, contributors' rights, photos/visual works, choreography and design, archive clips, etc.), reporting and regulatory compliance support, and digital and engineering related legal advice.

The CRBA Talent Processing & Reporting service provides support in relation to the Artist and Contributors (A&C) process, including guidance on engagement of contributors, payment systems (ACON, Fast Fee and Short Talk), processing and tracking existing rights, reporting, liaising on pan-industry projects, and IT development for BBC Studios.

CRBA also provides CRBA Legal Services, providing specialist rights advice, third party clearances, and support to BBC Studios.

Given the nature of these services, appropriate safeguards have been put in place (including NDAs, confidentiality clauses, Terms of Use) to ensure that information is kept confidential.

### **Music Copyright Service**

The Music Copyright Service provides music clearance advice and processes clearances deals to ensure that music in invested programming is cleared at standard rates for the rights required. It also advises and negotiates rates for non-standard music clearances where required.

The service also provides music reporting for BBC Studios Group including UKTV and Global News.

In addition, the team work with BBC Studios' business affairs teams on music wording for distribution agreements and co-productions, BBC Studios Music Publishing with regard to the publishing deals associated with composer commissioning agreements, and provide other central support.

### **CRBA Newspaper Licensing Agency Media Access and Copyright Licensing Agency services**

CRBA Newspaper Licensing Agency Media Access permits all BBC staff to copy newspaper content. It also supports Press Office access to the Media Monitoring portal provided by Onclusive.

The CRBA Copyright Licensing Agency service is provided by a third party supplier and allows staff to copy, can or otherwise reproduce extracts in which copyright exists, from material published in certain books, journals, magazines and other periodicals (hard copy and electronically). The CLA licenses on behalf of relevant collecting societies.

## **EXTERNAL COMMUNICATIONS**

### **External Communications Service**

The External Communications service includes public relations and media/events management specific to the subsidiaries, and is designed to promote the subsidiaries' services and talent to the global creative industry, attract or communicate with customers, commissions, commercial partners and suppliers to conduct business; and/or defend the subsidiaries' reputation when necessary.

There are a number of posts in Public Affairs and Press Office that provide support on an ongoing basis to BBC Studios.

### **Press Cutting Service**

The Press Cutting service is currently provided by a third party supplier. They deliver press cuttings services (including early bird round ups, BBC daily media news and BBC national press) for the subsidiaries' staff.

The External Communications service also includes providing access to BBC Studios to the subscription service COLIN.

## **FINANCE**

### **Business Process Operations**

The BPO service comprises the following elements which were outsourced as a commodity service to IBM up to 30 June 2024 and then to TCS from 1 July 2024: Purchase to Pay, Expenses and Advances, Order to Cash, Finance and Management Accounting, Contributor Payments, Document Management, Finance Support, Application Management, UK Payroll Solution, UK Payroll Services, Payroll Customer Support (Northgate), General Service Requirements, Postage, Printing and Stationery, Payroll Printing and Travel Estimate.

### **Finance Central**

Finance Central represents the cost of Finance and Management Accounting operations, including Financial Planning and Analysis, Process Accounting, Controllershship and Financial Reporting. The service consists of activities required to produce the BBC's Management and Statutory Accounts and all other regulatory and external financial reporting. Finance Central also includes undertaking month end accounting processes and GL reconciliations, in addition to responding to queries and maintaining financial data. There are a number of Finance posts that also work exclusively with BBC Studios.

### **Global Tax Compliance & Advisory**

Global Tax Compliance and Advisory Service (GTCAS) means the provision of central coordination and management services to facilitate the tracking of compliance and reporting obligations globally, but excluding the provision of core compliance services and ad hoc advisory services relating specifically to BBC Studios.

## **Sustainability**

The Sustainability service involves: a) use of the Sustainability Reporting Platform and the Supply Chain Service; b) data verification for inclusion in the Annual Report and Accounts (including Scope 1, 2 and 3 data and external audit of carbon reporting, etc.); c) validation of long-term (2050) science-based targets; d) Carbon Disclosure Project (CDP) submission and support; e) disclosures compliant with the Taskforce on Climate related Financial Disclosure (TCFD), including quantitative climate scenario analysis; f) assistance with disclosures to the Taskforce on Nature related Financial Disclosure (TNFD) and the Transition Plan Taskforce (TPT); g) access to the international emissions factor library for energy and the BAFTA consortium; h) third party subscriptions providing access to training, updates and workshops on sustainability; i) zero waste certification; and j) support from the central BBC Sustainability team.

## **Tax**

The Tax team provides stewardship and controllership to all matters relating to corporate and employment taxes and VAT.

## **Treasury**

The Treasury team provides stewardship and controllership to all matters relating to Treasury, including cash and liquidity management.

# **HUMAN RESOURCES**

## **HR Service**

The HR Service includes the HR service centre, HR Analytics and Systems service, HR specialist service, and the Contingent Workforce service. It includes services such as general HR advice, support and guidance, on-boarding, HR Helpdesk, benefits and pension information, and freelance management.

The Contingent Workforce service is still evolving, and includes employee status assessment (including the Central Assessment team), associated compliance monitoring and development of best practice.

Other services such as the Bullying and Harassment helpline, Disability Access service, Employee Assistance Programme, and Occupational Health and Remote GP service are provided by specialist outsourced suppliers.

## **Reward**

The Reward service includes the provision of Reward Operations, International Reward, and Pensions and Benefits services.

The Head of Reward spends some of their time working with BBC Studios.



## INTEGRATED PRODUCTION FACILITIES

### Rent

BBC Studios uses Integrated Production Facilities (hybrid space combining office space for production staff and production facilities) in certain locations across the UK. These are for certain specific named productions, for which there is a requirement for them to be produced at a particular location. Rental costs for these locations are charged at direct cost on the basis that all costs will be recovered back from the BBC via programme prices. The same methodology is applied to any independent production companies who tender for BBC productions.

### Utilities and other costs

Utilities and other costs include services such as electricity, water, facilities management, security, insurance, catering, maintenance, rates and other property related costs which are incurred throughout the course of business.

## LEGAL

### Legal Assistance and Advice

The Legal department provides legal assistance and advice across the BBC Group. The subsidiaries are able to engage and seek counsel from the following legal departments: General Counsel's office, Commercial and Technology Legal, Information Rights, Litigation, Employment Law, Programme Legal Advice, Intellectual Property, Property Legal, and Competition and Regulatory legal.

## MARKETING & AUDIENCES

### Audience Data

All production companies (including BBC Studios) are able to access **audience data relating to their BBC commissions** through the BBC's Audiences Portal free of charge.

BBC Studios may also commission **bespoke reports or research** from Marketing & Audiences or third party suppliers. Bespoke reports and research are charged to BBC Studios at market rate if undertaken by third party providers and on the basis of direct cost if undertaken by the BBC.

Additionally, the BBC sells a portion of audience data it commissions to **third parties**, for use in UK industry studies.

Access to **audience data obtained from third party providers** is charged at market rate.

BBC Studios may also commission research through the Market Research Roster, which would be charged at the market rate.

## Creative Services

Creative Services involves the provision of trailers, packaged clips, promotional reels, stills, design work (including brand guidelines and imagery), copywriting, and other promotional/branding work, as requested. In the event of bespoke requests, the relevant assignment will be costed up on a case by case basis in line with the charging methodology.

**Nominated Representative Services** involves services supplied to BBC Global News where BBC staff may act as nominated representatives for Global News by coordinating and liaising with the BBC in relation to the delivery of various creative services.

## Digital Analytics

Through the Digital Analytics services delivered to BBC Studios, the BBC provides access to the digital data procured through third parties that relate to digital data and online analytics comprising of the Chartbeat Tool, Brand Tracker, and the Digital Analytics Systems (including Tableau and the AT Internet service to UKTV for its websites and applications).

These services provide real-time online reporting of audience interactions with BBC Studios Group websites and also the online behavioural data, in a manner that allows assessment of how products and content are performing online.

The BBC provides **promotional stills** for a programme to BBC Studios charged on the basis of direct cost.

## Studio Audience Services

Studio Audience Services comprise the **Stewarding service** and the **Ticketing service** in relation to BBC programmes produced or hosted by the subsidiaries or third party producers.

The **Stewarding service** includes stewards to meet, greet and seat audiences, responsibility for the health and safety of audiences including any controlled emergency evacuation and on the spot management of any complaints and any other audience related issues. Stewards are booked through an online stewarding system and a booking fee is incurred for each transaction.

The **Ticketing service** includes a fully automated ticket application process and 24/7 call handling, an SMS reminder service to maximise audience take up, promotion of audience tickets on the BBC “Shows & Tours” website and direct to the BBC’s subscriber base, and post show audience feedback to BBC Studios and third party producers.

## PROCUREMENT

### Business Support

Business Support involves actively supporting BBC Studios in tenders, advising on relevant markets (geographic and product) and on appropriate processes to drive best value for money,

as well as leading on any tender process to support BBC Studios. Business Support also advises on purchasing cards and provides business as usual support.

### **Corporate Insurance and Support**

Corporate Insurance and Support provides specialist insurance advice on insurance coverage, management and payment of claims falling within the corporate insurance arrangement; and ensures global compliance with statutory and contractual insurance requirements in the UK and abroad.

### **Operational Process Support**

Operational Process Support involves the provision of end-to-end support in the buying chain from setting up suppliers, to placing orders, to paying on time.

### **Flight Booking Service**

The Flight Booking Service provides an online and offline service for the booking of flights and other travel.

### **Procurements via Preferred Supplier Lists**

Procurement centrally manage the purchase of goods and services (e.g. temporary staffing, hotels, taxis, trains, flights) from certain suppliers for BBC Studios. The charges for these goods and services are made direct to Procurement who settle the invoices and recharge the costs across the BBC Group.

## **PRODUCT GROUP**

### **Product Group Service**

BBC Product Group provides services to BBC Studios including the following:

- provision of digital products/services such as software development, software licensing, software tools, content management services, publishing infrastructure, maintenance services, online operational services (including support services, maintenance and software upgrades), research and development products/services, BBC online products, services for BBC.com, Urban Airship and UX embedded staff;
- bespoke project work of digital products/services, including software development, software licensing, deployment of software tools, content management services, publishing infrastructure, and research and development products/services.

## Multivariate Testing Tool

BBC Product Group also provides BBC Studios with access to the Multivariate Testing Tool, which is a digital development tool that allows for 'real-life' audience-facing testing of different online experiences to evaluate which will result in greater audience engagement.

## PRODUCTION FACILITIES

### Production Facilities

The BBC charges BBC Studios and third party producers for the use of BBC production and post-production facilities in Scotland, Wales, and London.

We determine a charge for each location, based on a market benchmark on the price of equivalent class of facility in the same geographical location (e.g. a cost per hour). We also cross check this against our total cost for the facility, including relevant overheads like maintenance costs based on the most recent information. We then break this price down on usage for the size and type of facility, as well as the time required. The charges also include any use of technical and craft staff (includes post-production, studios and OBs, audio, and graphics).

## PROPERTY

### Office and Production space - Rental Charge

A charge for **each UK location** is determined, either based on the price the BBC pays to its external supplier, or based on a market benchmark on the price of equivalent class of office space in the same geographical location (e.g. a cost per m<sup>2</sup>). Any costs not relevant to the space provided to the subsidiaries or third parties are removed (e.g. resilience, broadcast connectivity and technical costs required for broadcast-critical operations that the subsidiaries or third parties do not use), and then this price is broken down based on the Net Internal Area (NIA) for that building to arrive at a cost per m<sup>2</sup>. The subsidiaries or third parties are then charged based on the proportion of the NIA they use.

BBC Studioworks uses space at the BBC Elstree site under licence from the BBC; this includes separate office and production space.

For **overseas property**, a cost-based approach is adopted, where the rental charge is based on the number of workstations allocated to the subsidiaries or third parties in relation to total workstations.

### Office Space – Utilities and other costs

Utilities and other costs include services such as electricity, water, facilities management, security, insurance, catering, maintenance, rates and other property related costs which are incurred throughout the course of business. In the **UK**, all these costs are set through an open

market process, where the BBC has negotiated contracts with third parties, or are fixed externally (in the case of rates) and are passed on to the commercial subsidiaries or third parties.

In **overseas** territories, a cost-based approach is adopted, where utilities and other costs are apportioned based on the number of workstations allocated to the subsidiaries or third parties in relation to total workstations.

## **QUALITY, RISK & ASSURANCE (QRA)**

### **Internal Audit**

The Internal Audit department is an independent, objective assurance and advisory function. It assesses the effectiveness of BBC's internal controls and works with management to identify improvements.

### **Safety, Security & Resilience (SSR) Group**

The SSR Group is a corporate function that provides professional, technical and operational support, and is available 24/7, including duty officers.

The SSR Group includes the following services:

- High Risk;
- Corporate Security;
- Safeguarding, Whistleblowing and Investigations;
- Health and Safety; and
- Film Advice Unit.

### **High Risk**

The High Risk service includes provision of deployable high risk safety advisors in support of activities as appropriate, advice and guidance on hostile environment (including identification and advice of mitigation of key risks) and monitoring and oversight of deployments by personnel within designated hostile environments.

### **Corporate Security**

Corporate Security provides and coordinates a guard force to secure the premises (where required by BBC Studios in the UK), provides an internal investigative service in support of security personnel, liaises with police and other security services, provides advice on mitigating key security risks associated with production and event activities, and provides security advice and personalised guidance to staff/contributors regarding online footprints and social media/cyber security.

## **Safeguarding, Whistleblowing and Investigations**

The Safeguarding, Whistleblowing and Investigations service is governed by the Safeguarding Service Principles. It includes advice and guidance on application of safeguarding policies to BBC Studios' productions, development of strategy, policy and standards, and liaison with UK authorities and others.

## **Health & Safety**

The Health & Safety service provides technical support and advice to BBC Studios, including advice for production activities from planning to post event/production, development and monitoring of safety systems and tools, support with technical Occupational Health matters, etc.

## **Film Advice Unit**

The Film Advice Unit (FAU) provides advice and a regularly updated database containing pan-BBC information on recording in the UK and abroad, including contacts for fixers, crews, hire companies and drone operators.

## **SCHEDULING STAFF**

### **Scheduling Staff**

The BBC provides scheduling staff to BBC Studios. There are dedicated posts within commissioning and scheduling that sit within BBC Studios. These embedded staff support BBC Studios in providing commissioning and scheduling services to UKTV (as was required by the UKTV joint venture agreement) and in reviewing compliance of its programmes.

## **TECHNOLOGY**

### **Connectivity Services**

The provision on WAN and LAN connectivity via 3rd party providers. The BBC provides this service to BBC Studios and BBC Studioworks.

### **EICTH Services**

Enterprise Information and Communication Technology & Hosting Contract or EICTH Contract means the contract between the BBC and Atos IT Services UK Limited for the provision of enterprise ICT and hosting services to the BBC.

This service is also supported by BBC teams.

The BBC provides this service to BBC Studios.

### **Specialist Change Support Services**

Technology change support services provided by either 3rd parties and/or BBC Staff.

## **Technology Governance Services**

A set of umbrella principles covering all Services, including Governance Processes, Service Assurance, Change and Problem Management, and Asset Management as relevant to and required by the commercial subsidiaries. This includes the delivery of the EICTH service, facilitating the provision of central technology services (including Nations Technology services) and Connectivity Services. This requires the BBC to efficiently manage, directly or as a pass through:

1. the procurement of any services requested by the commercial subsidiary;
2. any supplier directly associated with the EICTH Services, Connectivity Services and central technology services to ensure no detrimental impact on the commercial subsidiary; and
3. day to day requests, approvals and any other governance, as required by the commercial subsidiary.

The BBC provides these services to BBC Studios and BBC Studioworks.

## **Service Recipient Specific Infosec Services**

The InfoSec service support teams ensure that BBC information is kept secure. The service provides advice on best practice deals with threats and manages cyber-attacks. The BBC provides this service to BBC Studios.

## **Non-Core Technology Services**

The Non-Core Technology service involves providing digital products and/or services, including software development, software licensing, software tools, content management services, publishing infrastructure, operational services, hosting and distribution services, and Research & Development (R&D) products and services.

## **Production Equipment Service**

The Production Equipment Service includes the provision by the Production Services team of video and audio filming equipment for both short-term and long-term hire of assets, service management and specialist training; and the service and maintenance of specified filming and other equipment.

## **Technology Embedded Staff services**

The Technology team sits within the Technology + Product (T+P) division of the BBC. T+P delivers products, platforms and services globally, supporting the BBC's digital products and services.

Technology Staff are employed by the BBC and provide technology expertise and direction to the subsidiaries to ensure the effective delivery of all technology services that drive the subsidiaries' operations.

There are a number of posts within Technology that deal exclusively with BBC Studios. From time to time, the BBC also employs staff from a third party contractor for specific project work and these staff provide technology expertise and direction to BBC Studios.

### **Corporate Systems Projects (improvements and maintenance)**

Project work carried out to maintain, develop and replace systems that support Finance, Procurement, Treasury, HR and Learning.

## **TELEVISION AND MEDIA OPERATIONS**

### **Television and Media Operations**

Television and Media Operations (TMO) reversion content acquired or commissioned by BBC Studios for digital, and produce promotional and marketing material for BBC Studios.

## **TRAINING – BBC ACADEMY**

### **Development of bespoke courses, training courses and events**

BBC Academy is the BBC's in-house training department, which provides a number of training services online and face to face, including formal and informal training courses, learning materials and events. Face to face training courses provided to the subsidiaries, unless BBC bespoke, will incur a charge, along with any bespoke training that the BBC Academy produces for a subsidiary. There is a range of online training that is provided at no cost to the subsidiaries.

### **Early Careers Schemes**

The Early Careers Scheme Management team is responsible for the overall management of apprenticeships, trainee schemes and other pre-entry programmes into the BBC. The charge is made in relation to the scheme management service provided by this team to commercial subsidiaries and covers all aspects of a scheme from induction, through training and onto securing an appropriate qualification (scheme dependent).

### **Leadership and Personal Development schemes**

Leadership and Personal Development schemes are the BBC's specialised leadership development programmes including face to face training, blended learning, coaching and mentoring.

### **Third Party Training Materials**



To the extent permitted under licence agreements, BBC Studios may have access to external training materials and resources such as LinkedIn.

## Further description of goods and services the BBC Commercial Subsidiaries provide to the BBC

### ARCHIVES

#### **Motion Gallery**

Motion Gallery licenses archive content, which may originate from the BBC Public Service. If this content is commercially exploited, or used for non-BBC commissions, then a licence fee is charged and a royalty is passed back to the BBC. No upfront rights fees are paid by producers, including BBC Studios, to the Public Service for archive content unless BBC Studios has acquired rights to commercially exploit the title (i.e. under the arrangements set out in Table 5).

There are separate arrangements in place for BBC News and BBC Sport content and a minimum guarantee is in place between the BBC Public Service and BBC Studios for this content.

### CHANNEL DISTRIBUTION

BBC Studios, through Global News, provides BBC World Service with channel collation, distribution and translation services for the BBC News channel.

### PRODUCTION FACILITIES AND RELATED SERVICES

BBC Studioworks provides the BBC with production facilities, equipment and crewing, as well as other studio and post production services. These services are charged out to the BBC at a market price in the same way as for any third party customer.

Each transaction or arrangement between the BBC and BBC Studioworks is contracted separately.

### PROPERTY

The BBC uses office space in Warsaw and Dubai from BBC Studios.

### RIGHTS NEGOTIATION

BBC Studios manages the clearances of underlying rights for writers and performers to enable the BBC to repeat the content on BBC channels and BBC iPlayer, and charges the BBC for the costs of this service. There are NDAs in place to protect sensitive and confidential information handled in this process.

### SIMULTANEOUS EUROPEAN RELAY (SER) AND EDUCATIONAL RECORDING AGENCY (ERA)

BBC Studios acts as an agent for the BBC in relation to the exploitation of the BBC's rights to transmit and authorise the transmission of the BBC channels and programmes included in those television services by means of SER. BBC Studios takes a commission for this service and passes the remainder of the fee back to the BBC. A similar arrangement applies for content licensed to the Educational Recording Agency for use in schools, colleges and universities.

## **SUPPORT STAFF – OVERSEAS AND UK**

Support staff are split into the below categories:

### **Administration**

BBC Studios, through Global News, provides administrative support to the BBC World Service in Dubai.

### **Finance**

BBC Studios, through Global News, provides finance support to the BBC World Service in India.

### **Legal**

BBC Studios, through Global News, CRBA Legal (Programme and Rights Business Manager) provides advice and ad hoc services.

### **Marketing**

BBC Studios, through Global News, provides marketing support services to the BBC World Service in India and the BBC's central Marketing team.

# Further description of content supply arrangements between BBC Studios (Global News) and the BBC

## BBC WORLD SERVICE FEATURES/SHORT FILMS

BBC Studios, through Global News, buys, on an ad hoc basis, the rights to distribute BBC World Service content originally shown on and commissioned by the BBC World Service, including BBC Arabic and BBC Persian. This could be completed programmes, although BBC Studios may also reversion this content for broadcast, including, for example, translation into English.

## ONLINE CONTENT

BBC Studios is supplied with online (or digital) news and sport content.

For online news content produced for use by BBC (i.e. published on bbc.co.uk websites), and which will also be published on bbc.com websites, BBC Studios are charged a benchmarked per article rate. For online sport content produced for use by BBC (i.e. published on bbc.co.uk websites), and which will also be published on bbc.com, all incremental costs of producing the online content attributable to BBC Studios are charged.

For online news content produced specifically for BBC Studios' bbc.com websites, all direct and indirect costs of producing the content are charged, as well as a margin. For online sport content produced specifically for BBC Studios' bbc.com websites, all direct costs of producing the content are charged.

## THIRD PARTY RIGHTS/LICENCES

BBC Studios pays the BBC for the relevant third party rights and licences the BBC buys from third parties.

## Further description of the BBC's IP licensing to BBC Studios and third parties

### UPFRONT INVESTMENT (TO ACQUIRE RIGHTS) IN BBC IN-HOUSE PRODUCTION

BBC Studios and third parties have historically invested upfront in the rights to BBC in-house productions, to which the BBC owns the IP, to share the costs of production. In certain exceptional cases BBC Studios will also pay a share of profits back to the BBC on an individual title, otherwise profits flow back to BBC through the trading dividend. Third party distributors or co-producers will deduct an agreed distribution commission and expenses from sales revenue, and after recoupment of any advance return all net profits back to the BBC.

Each piece of content has its own licence agreement, which specifies the rights the relevant distributor has to exploit the IP, as well as the investment paid to the BBC. The majority of licences are based on standard terms and all investments are made on market terms.

BBC Studios will continue to have the option to provide upfront investment to BBC in-house production, such as Radio/Audio, Children's, Current Affairs and potentially Nations commissions. Under this arrangement BBC Studios would make a one-off investment in the cost of producing a particular programme, to obtain a licence to exploit the IP for a specified period of time.

The BBC has used, and will continue to use, the open offer benchmarking process to ensure that the price BBC Studios pays is in line with the market price for BBC commissioned content.

BBC Studios will also have the option to renew a licence in the BBC content when existing licences expire. This would also be based on standard terms.

### RIGHTS ARCHIVE LICENSING

Rights archive licensing involves BBC Studios (or a third party distributor) contracting with the BBC to license specified rights to exploit the BBC's IP for a defined period of time. BBC Studios, or the third party, pays an ongoing return to the BBC (e.g. a royalty or share of the net profits BBC Studios makes from exploiting the rights acquired under a specific rights archive licence).

This includes commercial licensing of its radio programmes, brands and events to third parties and BBC Studios.

Rights archive licensing relates specifically to programmes that have already been commissioned (i.e. no distributor licensed the rights before production or otherwise has licensed the distribution rights). BBC Studios has standard licences in place to exploit the BBC IP across

a range of genres from BBC in-house production, reflecting the range of BBC in-house productions' historical output.

Each piece of content has its own licence, which specifies the rights BBC Studios or the third party distributor has to exploit the IP, as well as the payment to be made to the BBC. The majority of licences are based on standard terms and are made on market terms which are periodically renegotiated to reflect current market terms.

BBC Studios and other parties will also have the option to re-license BBC IP when rights archive licences expire. This would also be based on standard terms.

BBC Studios also pays the BBC to sub-license the BBC's Wimbledon coverage for commercial exploitation.

### **Returning series**

For returning series, spin offs, or recommissions, BBC Studios may have already licensed the rights (in line with the approach described above) to distribute BBC IP, but BBC Studios or a third party producer may now be responsible for producing a programme. Any new licensing agreement between the BBC and BBC Studios in respect of the returning series or spin-off will be on similar standard terms but with separate individual licences.

# Description of the Brand Fees

This section summaries the details of brand licences agreed between the BBC and its commercial subsidiaries. These arrangements cover how the BBC's commercial subsidiaries may use the BBC brand and other relevant brands, as well as any brand fees payable. Not all commercial activities in the BBC's commercial subsidiaries require brand fee payments.

## BBC STUDIOS

### Brands and usage

BBC Studios and its respective subsidiaries use the following brands:

- BBC masterbrand within BBC Studios' registered Corporate Names (e.g. "BBC Earth") and Business Names (e.g. "BBC Books");
- Corporate Names connected with carrying out of BBC Global News' business;
- The Corporate Names and Business Names referred to above; and
- BBC masterbrand as part of a BBC Composite Brand or a BBC Studios Composite Brand (i.e. the BBC masterbrand coupled with additional words) in relation to a service, channel, domain name or other activity or offering made or undertaken by the distribution division (including BBC Global News); and
- Programme or strand brands for New IP (i.e. IP created after the launch of the previous BBC Studios as a commercial subsidiary in April 2017) and Existing IP (i.e. new commissions of BBC programmes or series which BBC Studios produced prior to its commercial launch in April 2017, or programmes developed but not contracted prior to commercial launch).

Where BBC Studios is proposing to use, for the first time, the masterbrand within a corporate or business name, BBC Composite Brand or BBC Studios Composite Brand, BBC Studios shall seek the written approval of the BBC.

Any proposals to use other existing BBC brands need to be noted and separately licensed by BBC Studios (for example, under the terms of BBC Studios' investment in a BBC programme).

For clarity, the BBC continues to own the BBC masterbrand and all programme brands (whether created for the BBC or third parties). The BBC will license new programme brands to BBC Studios as needed to exploit programmes commercially.

### Sub-licensing

As part of its ongoing business, BBC Studios grants some licensees the rights to its content and services which by their very nature contain BBC Brand materials and trademarks. Where BBC

Studios enters into any such agreement the licensee will enter into an agreement with the BBC for use of the BBC Brand in such form as the BBC requires. In particular, if BBC Studios grants to a licensee the right to distribute a channel comprising any of the BBC Studios Composite brands which are used exclusively to designate BBC Studios' channels, or the right to distribute the BBC News channel in accordance with a standard channel distribution agreement, then the BBC grants BBC Studios the right to sub-license the relevant BBC brands to the licensee on standard terms agreed with the BBC as part of the Brand Licence.

## **Genre brands**

The Brand Licence notes that with BBC Children's brands (e.g. CBBC and CBeebies) and BBC Radio brands (e.g. BBC Radio 1, BBC Radio 1 Xtra, etc.) there is a particular affinity between the content they are linked to and the audience that they serve. Rights are therefore granted under the Brand Licence but subject to approval from the Children's Genre Board/Radio Commercial Board or their successors/nominees. For minor extensions of existing uses this will be for information only but any significant new use of BBC Children's and Radio brands (e.g. a branded theme park) would require full approval of the relevant Board and investment to cover certain costs may be required.

BBC Studios must also comply with any directions from a relevant genre lead within the BBC in relation to the BBC's overall vision and direction for any applicable Genre.

## **The Brand Fee methodology**

The methodologies relating to Production, Distribution and Global News are set out in turn below.

### **BBC Studios Production**

The brand fee for production activities is set as a percentage of primary production revenue for third party commissions and secondary production revenues from third party distributors. The two basic principles are that:

- BBC Studios Production should only pay a brand fee where it has benefited from the BBC brand to win commissions and the revenues associated with each commission; and
- BBC Studios Production should not have to pay a brand fee on revenues which derive from BBC Studios Distribution, as a brand fee will already have been paid under the arrangements relating to Distribution (as set out at the end of this document).

The table below summarises these arrangements, and the text below describes these in further detail.

### **Application of the BBC Brand Fee for BBC Studios Production**



Distributor – Secondary Production Revenue	Commissioner – Primary Production Revenue	
	BBC	Third Party
<b>BBC Studios Distribution</b>	<ul style="list-style-type: none"> <li>• Primary production revenues – no brand fee</li> <li>• Secondary production revenues – no brand fee</li> </ul>	<ul style="list-style-type: none"> <li>• Primary production revenues – brand fee applies</li> <li>• Secondary production revenues – no brand fee</li> </ul>
<b>Third-party distributor</b>	<ul style="list-style-type: none"> <li>• Primary production revenues – no brand fee</li> <li>• Secondary production revenues – no brand fee</li> </ul>	<ul style="list-style-type: none"> <li>• Primary production revenues – brand fee applies</li> <li>• Secondary production revenues – brand fee applies</li> </ul>

## BBC Commissions

When BBC Studios produces content for the BBC no brand payment will be required. This is because the subsidiary is wholly owned, and the BBC brand will not be the driver for the BBC's commission. No brand fee is payable by BBC Studios Production on secondary production revenues:

- if distributed by BBC Studios, as this would be covered by the brand payment arrangements relating to BBC Studios Distribution set out below, and to charge BBC Studios Production a fee as well would result in an unnecessary double payment for use of the brand; and
- if distributed by a third party, then this would be driven by an external party which would either not benefit from use of the BBC brand or to the extent that it did, then the distributor would pay a brand fee as separately negotiated with the BBC.

## Third-party Commissions

### New IP for third parties

When BBC Studios produces for third parties BBC Studios will pay a brand licence fee for use of the BBC masterbrand for the primary production. This payment is a percentage of its annual third party primary production revenues for all third party commissions. This takes into account the benefit BBC Studios will receive in using the BBC brand as it sells to third party commissioners.

### New IP for third parties – distributed by an external distributor

Where BBC Studios produces for a third party commissioner and engages a third party distributor to distribute and exploit that content, BBC Studios will also pay a percentage of its annual secondary production revenues as a brand fee. This fee reflects the fact that BBC Studios will benefit from using the BBC brand to win commissions from third parties and that the resulting secondary revenue from those commissions has not already had a brand fee applied to (i.e. as it would if it was distributed by BBC Studios).

### **BBC Studios Distribution**

The brand fee is set for BBC Studios Distribution as:

- a percentage of the revenue raised by BBC Studios Distribution from the commercial activity generated from services using the BBC masterbrand (e.g. from services which clearly use the BBC Brand, such as “BBC America” or “BBC Earth”); and
- a percentage of all revenue raised by BBC Studios Distribution from all its other operations, excluding:
  - revenue from UKTV which does not use the BBC brand (however revenue for content sales between BBC Studios and UKTV is liable for payment for the use of the BBC Brand);
  - income from BBC Advertising which is recharged to relevant client businesses and appears in their accounts; and
  - any other revenue agreed as excluded in writing between the BBC and BBC Studios from time to time. Any exclusion would be on the basis that the BBC masterbrand was not involved in securing such revenues.

### **BBC Global News**

The brand fee is set as a percentage of the revenue that BBC Studios, through BBC Global News, generates from: (i) syndication and distribution activities (excluding revenue generated from individual programme sales) and (ii) advertising and sponsorship activities.

# BBC STUDIOWORKS

## Brands and usage

BBC Studioworks uses the following brands:

- BBC masterbrand as part of the BBC Studioworks Business Name (“BBC Studioworks”) and Corporate Name (“BBC Studioworks Limited”);
- The names BBC Studioworks and BBC Studioworks Limited and the name BBC Studioworks in a domain name; and
- The masterbrand as part of the Studioworks Composite Brand (i.e. the BBC masterbrand coupled with additional words).

Any proposals to use other existing BBC brands would need to be noted and separately licensed by the BBC. For clarity, the BBC owns the BBC masterbrand.

## Sub-licensing

BBC Studioworks cannot generally assign or sub-license its rights and obligations to third parties under the Brand Licence. However:

- BBC Studioworks can permit any company within its group to exercise its rights under the Brand Licence on its behalf, provided that BBC Studioworks remains liable under the Brand Licence for any acts of the sub-licensee; and
- Third parties (e.g. manufacturers) may be subcontracted to manufacture/produce products and related advertising and marketing materials for BBC Studioworks, although these third parties may not distribute those products/materials to anyone other than the BBC or BBC Studioworks, and BBC Studioworks remains liable under the Brand Licence for any acts of the sub-licensee.

## The Brand Fee methodology

The brand fee is set as a percentage of the revenue that BBC Studioworks originates through projects with new corporate customers, with the level based on market benchmarks for similar brand licences/fees.

The Brand Licence includes specific terms on payment for use of the BBC masterbrand. BBC Studioworks will pay a brand fee for all projects with new corporate customers (i.e. those with which it does not have an existing commercial relationship). BBC Studioworks may submit evidence to the BBC that the masterbrand played no role in securing one or more projects in order to request that a royalty should not be payable on revenue generated on these projects. Subject to review, the BBC, at its discretion, may approve such a request in which case no royalty shall be payable on revenue generated by such projects.

## Appendix 1 – Amendments to methodologies and policies from the previous Consolidated Group Trading Manual

The below table sets out any material amendments, alongside the rationale for the amendments, which have been made since version 8.0 of the Consolidated Group Trading Manual.

Service	Change	Rationale	Impact on charges
No material amendments to methodologies and policies have been made since version 8.0 of the Consolidated Group Trading Manual.			