



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 2022. It includes the following sections for relevant transactions in the 2022/23 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;¹ 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 2022/23 financial year to be fully compliant with [Ofcom's 2019 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 2022/23.

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 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

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

area of NAO focus is whether the Licence Fee has been used to subsidise the BBC’s commercial activities. Their report for 2022/23 did not find any such irregularity.

BBC Global News

BBC Global News was transferred to BBC Studios as of 1 July 2021 and as such is now a fully owned subsidiary of BBC Studios and no longer a separate commercial subsidiary of the BBC Public Service.

The Consolidated Group Trading Manual for FY 2021/22 continued to reflect services provided by the BBC to BBC Global News as per previous versions (i.e. as though BBC Global News was a commercial subsidiary of the BBC), as the Service Level Agreements (SLAs) between the BBC and Global News remained in force following the transfer.

Following on from this, services provided by the BBC to Global News were incorporated into BBC Studios’ SLAs for FY 2022/23. Therefore, for the period covered by this Consolidated Group Trading Manual, i.e. 1 April 2022 to 31 March 2023, the services provided by the BBC to BBC Global News are reflected in the services provided by the BBC to BBC Studios.

Accountability for the BBC World News TV Channel 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 World News TV Channel.

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 2019 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

To simplify the SLAs process, some staff heavy services involving BBC employees doing work for a commercial subsidiary run for three years, between the period FY 2022/23 - 2024/25.

For these services, provided the effort (of providing the services to the relevant subsidiary) remains the same then the BBC will charge a fixed price linked to the BBC's annual pay inflation award agreed with the collective unions which applies to all BBC employees (BBC Pay Inflation Rate).

For FY 2023/24 and 2024/25, the charge will increase from the previous financial year by a definite percentage unless the BBC Pay Inflation Rate is lower or higher than specific percentages (i.e. a cap and collar) in which case the BBC Pay Inflation Rate will be applied.

In addition, where the usage of a service decreases or increases significantly (% difference depends on the service provided) in FY 2023/24 and 2024/25, the actual usage and charges applicable for the relevant service will apply.

The services that apply this methodology contain 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:

$$\begin{array}{l} \text{Applicable EFT} \\ \text{of the BBC Non-} \\ \text{Embedded Staff} \end{array} \times \begin{array}{l} \text{Average cost per desk,} \\ \text{calculated against the} \\ \text{applicable London or non-} \\ \text{London rate (determined} \\ \text{by the location of the BBC} \\ \text{Non-Embedded Staff)} \end{array} \times \begin{array}{l} \text{Occupancy} \\ \text{Rate} \end{array} \times \begin{array}{l} \text{Agreed allocation of the} \\ \text{use by each commercial} \\ \text{subsidiary of, and the} \\ \text{time spent by BBC Non-} \\ \text{Embedded Staff in} \\ \text{providing the services} \end{array}$$

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.

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:

Introduction – BBC Global News

- Changes to the description to reflect that the SLAs for goods and services provided by the BBC to Global News were incorporated into BBC Studios' SLAs in FY 2022/23.
- BBC Global News has been removed from Table 1 and 'BBC Studios' has been changed to 'BBC Studios (including Global News)' to reflect the fact that Global News was transferred to BBC Studios on 1 July 2021 and the SLAs for goods and services provided by the BBC to Global News were incorporated into BBC Studios' SLAs in FY 2022/23.

Introduction – Approach to apportioning prices

- Addition of description of BBC Pay Inflation Rate, and the wording 'with BBC pay inflation rate' and '[relevant factor] threshold' have been added to the Apportionment Methodology for the following services under Table 1 –
 - Commercial Rights and Business Affairs (CRBA) – *CRBA Central Operations and Support* and *Music Copyright Service* ('with BBC pay inflation rate, FTE threshold')
 - External Communications – *External Communications Service* ('with BBC pay inflation rate, FTE threshold') and *Press Cutting Service* ('FTE threshold')
 - Finance – *Finance Central* ('with BBC pay inflation rate, FTE threshold'), *Tax* ('with BBC pay inflation rate, invoice spend threshold'), and *Treasury* ('with BBC pay inflation rate, accounts and trades threshold')
 - Legal – 'with BBC pay inflation rate'
 - Procurement – *Business Support (Studios Production)* ('with BBC pay inflation rate, production orders threshold'), *Operational Process Support (Studios Production)* ('with BBC pay inflation rate, invoice spend threshold'), *Business Support (Studios Distribution)* ('with BBC pay inflation rate'), and *Operational Process Support (Studios Distribution)* ('with BBC pay inflation rate')
 - Quality, Risk and Assurance (QRA) – *Internal Audit, Safety, Security and Resilience – High Risk and Corporate Security and Investigations*, and *Health and Safety* – 'with BBC pay inflation rate'.

Commercial Rights and Business Affairs (CRBA) –

- '(including CRBA Legal Service)' has been added to *CRBA Central Operations and Support* to better reflect the services, and in the further description, the reference to provision of legal support to Global News until 30 November 2021 has been deleted.

External Communications –

- '(including Press Office and Public Affairs services)' has been added to the *External Communications Service* to better reflect the nature and extent of the service, and in the further description, the reference to provision of support to Global News until 1 July 2021 has been deleted.

Finance –

- *Production Accounting* has been removed, as this service is supplied within the *Business Process Operations* service. This is reflected in the associated descriptions.
- The *Sustainability* service has been added, reflecting the BBC's renewed emphasis on sustainability across the Group.
- The *Tax* service Apportionment Methodology has been changed to '*Based on relevant subsidiary's spend as a proportion of total BBC Group spend (includes non-embedded staff property costs)*' from '*Based on relevant % of staff effort (includes non-embedded staff property costs)*'. This corrects a misstatement in the 2021/22 Consolidated Group Trading Manual.

Human Resources (HR) –

- The *Contingent Workforce* service has been added, to distinguish that its charging mechanism differs from the rest of the *HR Service*. Detail of *Contingent Workforce* has been added in the further description for the *HR Service*.
- The Apportionment Methodology for the *Reward* service has been changed to '*Based on subsidiary's FTEs as a proportion of total BBC Group's FTEs (includes non-embedded staff property costs)*' from '*Based on usage (100% dedicated staff effort) (includes non-embedded staff property costs)*'. To reflect that the role was closed in FY2021/22, the reference to the dedicated post supporting BBC Studios has been deleted from the further description, which has been updated to reflect that the Head of Reward spends some time working with BBC Studios.
- In the further description for *HR Service*, the reference to the dedicated post supporting Global News until May 2021 has been deleted.
- The *Talent Management* service has been deleted, to reflect that the team TUPE'd over to BBC Studios in April 2022.

Marketing & Audiences (M&A) –

- In the further description for *Creative Services*, we have clarified that the business continues to provide these services to BBC Studios (Global News) post transfer of the BBC World News Channel.

Procurement –

- The words '*invoices created and number of invoice lines*' has been deleted from the Apportionment Methodology for *Operational Process Support – Studios Production*, to more simply define the methodology for the service.
- The further description for *Corporate Insurance and Support* reflects that in FY2022/23 there was one role dedicated to BBC Studios Production and three roles dedicated to BBC Studios Distribution.

Property -

- In the further description for *Office and Production space – Rental Charge*, the reference to Global News moving out of Broadcast Centre in May 2021 has been deleted.

Quality, Risk and Assurance (QRA) –

- The *Transformation, Change and Improvement* service has been added.
- In the further description for *Safety, Security & Resilience (SSR) Group*, the services have been tidied up, and ‘Corporate Security and Investigations’ has been updated to ‘Corporate Security’, and ‘Safeguarding’ has been updated to ‘Safeguarding, Whistleblowing and Investigations’.

Technology –

- In the further descriptions for *Connectivity Services, EITCH Services, Technology Governance Services, and Service Recipient Infosec Services*, the reference to Global News receiving these services via Studios Distribution has been deleted.

Television and Media Operations –

- In the further description, the reference to provision of services for the BBC World News Channel up to 1 July 2021 has been deleted.

Training – BBC Academy –

- *New Talent Schemes* has been updated to *Early Careers Schemes*.
- *Leadership and Personal Development schemes* has been added for clarity.
- *Third Party Training Materials* has been added to reflect that BBC Studios may get access to these services on request.

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:

Content -

- *Scheduling staff* and the further description has been deleted, as BBC World Service took over running the BBC World News Channel (outside the UK) from Global News on 1 July 2021.
- For *Channel collation, distribution and translation services for the BBC World News channel*, the Subsidiary providing service to the BBC has been updated to ‘*BBC Studios (BBC Global News)*’.

Property –

- For *Office space overseas* the Subsidiary providing service to the BBC has been updated to ‘*BBC Studios (BBC Global News)*’.

Support staff –

- For *Support staff – overseas* and for *Support staff – UK based* the Subsidiary providing service to the BBC has been updated to ‘*BBC Studios (BBC Global News)*’.

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:

- The titles for the Table and further descriptions have been changed from 'BBC Global News' to 'BBC Studios (Global News)' to reflect the fact that Global News was transferred to BBC Studios on 1 July 2021 and the SLAs for goods and services provided by the BBC to Global News were incorporated into BBC Studios' SLAs for FY 2022/23. Note however that the SLAs for goods and services provided by Global News to the BBC continued to be provided in the name of BBC Global News in FY 2022/23.
- *Programmes and online content (News and Sport) (up to 30 June 2021) and Third party programmes (up to 30 June 2021) and online content* have been deleted, being services that related to the BBC World News Channel, which are no longer provided to BBC Studios.

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 (including Global News) ²	BBC Studioworks	Third Parties
ARCHIVES					
Archive Library Services	Direct Cost	Based on usage (daily/weekly rate card)	✓	✗	✓
Archive Systems	<i>For non-BBC commissions:</i> Benchmark	Per head charge benchmarked against equivalent services for accessing media content	✓	✗	✗
	<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	<i>For non-BBC commissions:</i> Market Price	Based on subsidiary FTE as a proportion of total BBC Group’s FTE	✓ ✗	✗	✗

² Where there is both a tick and a cross: a tick followed by a cross means the service was provided to BBC Studios but was not provided to the Global News part of BBC Studios; a cross followed by a tick means the service was not provided to BBC Studios but was provided to the Global News part of BBC Studios. One tick means the service was provided to BBC Studios including Global News. Note that we do not intend to make this distinction in future iterations of this document.

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC Studios (including Global News) ²	BBC Studioworks	Third Parties
	<i>For BBC commissions:</i> Benchmark	N/A – production companies are provided access to subscription services free of charge for the purposes of BBC commissions	✓ x	x	✓
COMMERCIAL RIGHTS AND BUSINESS AFFAIRS (CRBA)					
CRBA Central Operations and Support (including CRBA Legal Service)	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort – with BBC pay inflation rate, FTE threshold) (includes non-embedded staff property costs)	✓	x	x
Music Copyright Service	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort – with BBC pay inflation rate, FTE threshold) (includes non-embedded staff property costs)	✓	x	x
EXTERNAL COMMUNICATIONS					
External Communications Service (including Press Office and Public Affairs services)	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort – with BBC pay inflation rate, FTE threshold) (includes non-embedded staff property costs)	✓	x	x
Press Cutting Service	Market Price	Based on subsidiary FTEs as a proportion of total BBC Group's FTE (FTE threshold)	✓	✓	x
FINANCE					
Business Process Operations (IBM Outsourced Processes)	Market Price	Proportion of the relevant subsidiary's spend of total BBC BPO contract spend	✓ x	✓	x

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC Studios (including Global News) ²	BBC Studioworks	Third Parties
Finance Central	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort – with BBC pay inflation rate, FTE threshold) (includes non-embedded staff property costs)	✓ x	x	x
Group 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	✓	x	x
Sustainability	Business Support Service; Direct Cost	Based on relevant subsidiary's proportion of total BBC Group spend determined by subsidiary's carbon emissions as a proportion of total BBC Group carbon emissions	✓ x	x	x
Tax	Business Support Service; Direct Cost	Based on relevant subsidiary's spend and revenue as a proportion of total BBC Group spend and revenue (with BBC pay inflation rate, invoice spend threshold) (includes non-embedded staff property costs)	✓	✓	x
Treasury	Business Support Service; Direct Cost	Time spent, the number of active bank accounts and volume of trades as a proportion of total BBC Group figures (with BBC pay inflation rate, accounts and trades threshold) (includes non-embedded staff property costs)	✓	✓	x
HUMAN RESOURCES (HR)					
Contingent Workforce	Business Support Service; Direct Cost	Volume of tickets raised and booking assessments received as percentage of BBC Group's volume of tickets raised and booking assessments received – against BBC's annual cost	✓	✓	x

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC Studios (including Global News) ²	BBC Studioworks	Third Parties
HR Service	Business Support Service; Direct Cost	Based on subsidiary's FTEs as a proportion of total BBC Group's FTEs (includes non-embedded staff property costs)	✓	✓	✗
Reward	Business Support Service; Direct Cost	Based on subsidiary's FTEs as a proportion of total BBC Group's FTEs (includes non-embedded staff property costs)	✓ ✗	✗	✗
INTEGRATED PRODUCTION FACILITIES					
Rent	Direct Cost	Based on floor space occupied by the subsidiary (m ²)	✓ ✗	✗	✗
Utilities and other costs	Market Price	Based on floor space occupied by the subsidiary (m ²)	✓ ✗	✗	✗
LEGAL					
Legal assistance and advice	Business Support Service; Direct Cost	Based on usage (daily/weekly rate card, with BBC pay inflation rate)	✓	✓	✗
MARKETING & AUDIENCES (M&A)					
Audience Data – bespoke reports or research	<i>If commissioned from third parties: Market Price</i>	<i>Subsidiaries: Pass-through of third party cost to the subsidiary</i> <i>Third Parties: Based on data volume required</i>	✓	✗	✓

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC Studios (including Global News) ²	BBC Studioworks	Third Parties
	<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)	✓	✗	✓
Digital Analytics	Market Price	Pass-through of third party cost based on % usage	✓	✗	✗
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)	✓ ✗	✓	✓
PROCUREMENT					

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC Studios (including Global News) ²	BBC Studioworks	Third Parties
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) (with BBC pay inflation rate, production orders threshold)	✓ x	x	x
Business Support (Studios Distribution)	Business Support Service; Direct Cost	Based on usage (100% dedicated staff effort, with BBC pay inflation rate)	✓ x	x	x
Corporate Insurance	Market Price	Based on the subsidiaries' proportion of cover required from the total market price BBC Group pays for insurances	✓	✓	x
Corporate Insurance support costs	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort)	✓	✓	x
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) (with BBC pay inflation rate, invoice spend threshold)	✓ x	x	x
Operational Process Support - Studios Distribution	Business Support Service; Direct Cost	Based on usage (100% dedicated staff effort)	✓ x	x	x
Procurements via preferred supplier lists	Market Price	Based on pass through of the cost of items procured by the subsidiary	✓ x	x	x
PRODUCTION FACILITIES					

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC Studios (including Global News) ²	BBC Studioworks	Third Parties
Production facilities and support across the UK	Benchmark	Based on facility being used (type and duration) and associated support services, including staff time	✓ x	x	✓
PROPERTY					
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 (m ²)	✓ x	✓	✓
	<i>If office space has not been competitively procured by the BBC: Benchmark</i>	Based on floor space occupied (m ²)	✓ x	✓	✓
Office space – Rental Charge (overseas)	Direct Cost	Based on number of workstations allocated to the subsidiary or third party in relation to total workstations	✓	x	✓
Office space – Utilities and other costs (within UK)	Market Price	Based on floor space occupied by the subsidiary or third party	✓ x	✓	✓
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	✓	x	✓
QUALITY, RISK AND ASSURANCE (QRA)					
Internal Audit	Business Support Service; Direct Cost	Based on number of audits (includes non-embedded staff property costs) (with BBC pay inflation rate)	✓	✓	x

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC Studios (including Global News) ²	BBC Studioworks	Third Parties
Transformation, Change and Improvement	Business Support Service; Direct Cost	Based on usage (staff time)	✓		✗
Safety, Security and Resilience (High Risk and Corporate Security)	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort, with BBC pay inflation rate) (includes non-embedded staff property costs)	✓	✓	✗
Health and Safety	Business Support Service; Direct Cost	Based on usage (daily rate card, with BBC pay inflation rate)	✓	✓	✗
Film Advice Unit	Business Support Service; Direct Cost	Based on usage (relevant % of staff effort) (includes non-embedded staff property costs)	✓ ✗	✗	✗
SCHEDULING STAFF					
Scheduling Staff	Business Support Service; Direct Cost	Based on usage (100% dedicated staff effort)	✓ ✗	✗	✗
TECHNOLOGY					
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 (including Global News) ²	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)	✓	✗	✗
TELEVISION AND MEDIA OPERATIONS					
Televisions and Media Operations	Business Support Service; Direct Cost	Based on usage (hourly rate card)	✗ ✓	✗	✗
TRAINING – BBC ACADEMY					
Development of bespoke courses; training courses and events	Direct Cost	Based on usage (relevant % of staff effort)	✓	✓	✓

Services Provided	Price Basis & Rationale	Apportionment Methodology	BBC Studios (including Global News) ²	BBC Studioworks	Third Parties
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)	✓ x	x	x
Leadership and Personal Development schemes	Business Support Service; Direct Cost	Based on usage (per session rate card)	✓	✓	x
Third Party Training Materials	Market Price	Based on use of relevant training materials by the subsidiary	✓	✓	x

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
ADVERTISING SPACE	
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.
BBC FILMS	
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.
BROADCASTING SERVICES	
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.
NEWS	
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.

Services Provided	Description
ROYALTIES	
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.
TECHNOLOGY	
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.
TICKET SALES & EVENTS	
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
ARCHIVES			
Motion Gallery	Benchmark	Based on a proportion of the fees raised by exploiting the Motion Gallery content	BBC Studios
CONTENT			
Channel collation, distribution and translation services for the BBC World News channel	Benchmark	Based on number and type of FTE allocated to the BBC	BBC Studios (BBC Global News)
	Market Price	Pass through of distribution and other third party contract costs	BBC Studios (BBC Global News)
PRODUCTION FACILITIES AND RELATED SERVICES			
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
PROPERTY			
Office space in UK	<i>If office space is competitively procured:</i> Market Price	Based on floor space occupied by the BBC (m ²)	BBC Studioworks
	<i>If office space is not competitively procured:</i> Benchmark	Based on floor space occupied by the BBC (m ²)	BBC Studioworks

Services Provided	Price Basis & Rationale	Apportionment Methodology	Subsidiary providing service to the BBC
Office space overseas	<i>Market Price</i>	Based on number of workstations allocated to the BBC in relation to total workstations	BBC Studios (BBC Global News)
RIGHTS NEGOTIATION			
Management of clearances for repeats and iPlayer	Benchmark	Based on staff time	BBC Studios
SIMULTANEOUS EUROPEAN RELAY (SER) AND EDUCATIONAL RECORDING AGENCY (ERA)			
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
SUPPORT STAFF			
Support staff – Overseas	Direct Cost	Based on number and type of FTE allocated to the BBC	BBC Studios (BBC Global News)
Support staff – UK Based	Direct Cost	Based on number and type of FTE allocated to the BBC	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 and Sport)	<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).

BBC News provides an Archive Library Service to BBC Global News which includes the provision of research, management and loans services to facilitate access to and management of BBC News archive content.

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. These services can also be accessed at no charge for the purposes of delivering BBC public service commissions, given that third party producers have commensurate access to such services for the purposes of delivering BBC public service commissions, where licences allow. If BBC Studios wants to access third party licensing and subscription services for non-public service BBC commissions, 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 Central Operations and Support

The CRBA Central Operations service provides artist payment systems (ACON, Fast Fee and Short Talk) including processing, support and tracking existing rights for BBC Studios and music reporting for BBC Studios.

The CRBA Central Support service provides advice and support from the BBC's central CRBA team, and includes lobbying and negotiating deals with talent unions and rights owners on behalf of the applicable subsidiaries as part of the BBC Group. The Central Support service also includes support and advice provided by the Technology lawyers to BBC Studios.

CRBA Legal Services are provided by the Head of Rights to BBC Global News, providing specialist rights advice, third party clearances, and support.

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. It was also provided to BBC Global News until 1 July 2021, when financial responsibility for the service transferred from Global News to the BBC World Service in the UK, with the transfer of the BBC World News TV channel.

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.

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.

FINANCE

Business Process Operations

The BPO service comprises the following elements which are outsourced as a commodity service to IBM: 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, Controllership 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.

Group 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 and BBC Global News.

Sustainability

The Sustainability service involves (a) procuring a sustainability reporting platform which enables the BBC and BBC Studios to collate carbon and sustainability data, and (b) use of a supply chain solution via a third party supplier working with key BBC and BBC Studios' suppliers to align them with the BBC's net zero and science based targets, working with them to set science based targets and provide accurate data.

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 Legal, Information Rights, Litigation, Employment Law, Intellectual Property, Trademark Enforcement (via the International Trade Mark Fund), Workplace, 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 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.

Whilst the BBC World News TV Channel is now run by BBC World Service (since 1 July 2021), the business continues to provide, to a lesser extent, these services to BBC Studios (Global News).

Digital Analytics

Through the Digital Analytics services delivered to BBC Studios (Global News), 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, the MVT Tool, and the Digital Analytics Systems (including 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.

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.

In FY2022/23 there was a post specifically dedicated to BBC Studios Productions' Natural History Unit, documentaries and Science Unit, and three roles dedicated to BBC Studios Distribution.

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.

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.

PRODUCTION FACILITIES

Production Facilities

The BBC charges BBC Studios and third party producers for the use of BBC production and post-production facilities in various locations across the UK, including Northern Ireland, Scotland, Wales, London, Bristol, and Birmingham.

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 m²). 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 m². 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.

Transformation, Change and Improvement

The Transformation, Change and Improvement team brings resources, skills, ideas and methodologies to help other parts of the BBC think differently about the way they work and change it for the better. It consists of the BBC's Portfolio Management Office (PMO) teams: Spark, who help BBC Studios address and face challenges or help overcome complex issues; PMO, who work with BBC Studios, as required, to safeguard, support and assure delivery of major projects.

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 & 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 provided to the subsidiaries at no charge, 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, dated 11 May 2017.

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 (Global News).

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 (Global News) for digital, and produce promotional and marketing material for BBC Studios (Global News).

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. Training/support is provided to third parties in accordance with a partnership agreement.

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.

CONTENT

BBC Studios (Global News) provides BBC World Service with channel collation, distribution and translation services for the BBC World 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 Television Centre, London, under licence from BBC Studioworks, and in Dubai from BBC Studios (Global News).

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 (Global News) provides administrative support to the BBC World Service in Dubai.

Finance

BBC Studios (Global News) provides finance support to the BBC World Service in India.

Legal

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

Marketing

BBC Studios (Global News) provides marketing support services to the BBC World Service in India and the UK.

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

BBC WORLD SERVICE FEATURES/SHORT FILMS

BBC Studios (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 (Global News) is supplied with online (or digital) content.

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

For online content produced specifically for BBC Studios' bbc.com websites, all direct costs of producing the content are charged, reflecting all elements involved in making the content, including production facilities and newsgathering.

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 GLOBAL NEWS

Brands and usage

BBC Global News and its subsidiaries use the following brands:

- BBC masterbrand within BBC Global News' registered Corporate Names (e.g. "BBC World Distribution Limited");
- BBC masterbrand as part of a BBC Global News Composite Brand or a BBC Composite Brand (i.e. the BBC masterbrand coupled with additional words) in relation to a service, channel, domain name or other activity undertaken by BBC Global News; and
- Corporate Names for all purposes connected with carrying out of BBC Global News' business.

Where BBC Global News is proposing to use, for the first time, the masterbrand within a Corporate Name, BBC Composite Brand or BBC Global News Composite Brand, BBC Global News shall seek the written approval of the BBC.

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

Genre brands

BBC Global News 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.

Sub-licensing

As part of its ongoing business, BBC Global News grants some licensees the rights to its content and services which by their very nature contain BBC Brand materials and trademarks. Where BBC Global News enters into any such agreement the licensee will enter into an agreement with the BBC for use of the BBC Brand on standard terms or in such other form as the BBC requires. In particular, if BBC Global News grants to a licensee the right to distribute the BBC World News channel in accordance with a standard channel distribution agreement, then the BBC grants BBC Global News 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.

The Brand Fee methodology

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

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");
- 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; 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).

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, the BBC has granted BBC Studios the right to sub-license the masterbrand 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 will also comply with any direction 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 and Distribution 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
BBC Studios Distribution	<ul style="list-style-type: none"> • Primary production revenues – no brand fee • Secondary production revenues – no brand fee 	<ul style="list-style-type: none"> • Primary production revenues – brand fee applies • Secondary production revenues – no brand fee
Third-party distributor	<ul style="list-style-type: none"> • Primary production revenues – no brand fee • Secondary production revenues – no brand fee 	<ul style="list-style-type: none"> • Primary production revenues – brand fee applies • Secondary production revenues – brand fee applies

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 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 6.0 of the Consolidated Group Trading Manual.

Service	Change	Rationale	Impact on charges
No material amendments to methodologies and policies have been made since version 6.0 of the Consolidated Group Trading Manual.			