

Statement of Policy on use of alternative finance in BBC content

(Clause 49(4) of the BBC Framework Agreement)

Introduction: the purpose of this Statement of Policy

1. Clause 49 of the 2016 Agreement between the Secretary of State for Culture, Media and Sport and the BBC (“the Framework Agreement”) makes provision for licence fee-funded BBC television, radio or online services (“BBC Services”) to be partially funded by certain alternative means of finance. The means of finance set out in Clause 49 are:
 - Funds from not-for-profit cultural, arts, sports, educational and science bodies or other similar organisations;
 - Co-funding by non-commercial bodies for output in minority languages;
 - Co-funding by non-commercial bodies in other limited circumstances;
 - Competition prizes and other awards
 - Third party contribution to the costs of carrying out, providing, using or mounting an activity, facility or event featured in BBC output or used to support the creation of BBC output.
2. This document addresses the means of finance set out above. It sets out the principles which must be taken into account when supplementing licence fee funding with such funds from external organisations.

Legal Framework

3. Clause 49(1) of the Framework Agreement requires the Secretary of State to pay to the BBC sums equal to the whole of the Licence Revenue (the amount paid by licence fee payers) or such lesser proportion as may be agreed with the Treasury.
4. Clause 49(2) provides that the BBC can use the Licence Revenue to pay for "any activities properly carried on by the BBC" subject to a number of exceptions. The exceptions listed in Clause 49(2)(a) mean that the Licence Revenue cannot be used for
 - any service (apart from the World Service) aimed primarily at users outside the UK;
 - any commercial activity;
 - performing services at the request of any Government Department.
5. Under Clause 49(2)(b) Licence Revenue cannot be used to fund activities carried on for the purposes of a BBC Service if the BBC Service is one which is partially funded by:

- advertisements;
- subscription;
- sponsorship;
- a pay-per-view system; or
- any other alternative means of finance.

unless the Secretary of State has given prior written approval. For the purposes of clause 49(2)(b) an activity will be “carried on for the purposes of a BBC Service” if it is a UK Public Service or within the scope of the World Service Licence.(Clause 49(3)(a)).

6. When deciding whether a BBC Service is partially funded by "any other alternative means of finance" which cannot be mixed with the licence fee without Secretary of State consent, Clause 49(4) lists certain exceptions which are permitted and don't need consent. Some of them are subject to the requirement for a Statement of Policy.

Activities covered by this Statement of Policy

7. This Statement of Policy applies to the following means of finance from:
 - any not-for-profit cultural, arts, sports, educational or science bodies or other similar organisations (Clause 49(4)(e));
 - co-funding by non-commercial bodies for output in minority languages and other limited circumstances (Clause 49(4)(f));
 - competition prizes and other awards made available or funded or provided by any one or more third parties (Clause 49(4)(g)); or
 - any other arrangement under which any activity, facility or event (a) featured (in whole or in part) in BBC output or (b) used (in whole or in part) to support the creation of BBC output, is carried on or provided with support from or in cooperation with a third party or parties in order to share the costs of carrying out, providing, using or mounting the activity, facility or event (Clause 49(4)(i)).
8. The following means of finance, also permitted, are outside the ambit of this Statement of Policy:
 - from the commercial activities (Clause 49(4)(a));
 - voluntary payments of the licence fee, legacies or other donations (Clause 49(4)(b));
 - from the Open University (Clause 49(4)(c));
 - from any co-production agreement (Clause 49(4)(d));

9. A separate statement of policy has been agreed with the Secretary of State to cover the recovery of costs by the BBC from the proceeds of ticket sales for the following events: The Proms, Proms in the Park, Cardiff Singer of the Year, Young Musician of the Year and other similar events which contribute to the BBC's Mission and Public Purposes (Clause 49(4)(h)).
10. The Secretary of State and the Foreign Secretary have also, pursuant to clauses 49(2)(b) and 50(2) of the Agreement, given their written approval for alternative means of finance, namely advertising, sponsorship and externally-funded content, to continue to be used in line with the BBC's published policy to fund the BBC World Service.

BBC policy on external relationships

11. The BBC has a general duty under the Charter to work collaboratively and seek to enter into partnerships with a wide range of organisations of all sizes, particularly in the creative economy, where to do so would be in the public interest (Article 13). The BBC's Annual Plan sets out how the BBC will meet this duty. Through such collaboration we aim to deepen the impact and reach of BBC activities and output to extend creative possibilities and maximise public value. By working with others, and sharing some costs with them, the BBC is able to promote more effectively its Public Purposes in ways such as the following:
 - joint initiatives with cultural, arts, sports, educational and science organisations and other similar organisations which include a range of broadcast and non-broadcast activities;
 - major public events, including award ceremonies and concerts given by BBC orchestras, which are broadcast; and
 - deliver broadcast services in minority languages, thereby representing more effectively the UK's nations, regions and communities in support in particular of:
 - its Public Purpose to reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom;
 - the BBC's Diversity duty (Article 14)

The principles set out in this statement of policy are self-contained, but they are derived from the BBC Editorial Guidelines which apply more widely than to those activities which fall within the scope of this policy statement.

General Principles

12. The following general principles will apply to all forms of finance under the exceptions in Clauses 49(4)(e) to (g) and (i):

- While recognising the key role external organisations play in supporting the creation of BBC output, the BBC has an obligation under its Charter to be independent as regards editorial and creative decisions and the time and manner in which its output and services are supplied (Article 3). Consequently, the BBC must retain editorial control and maintain editorial impartiality and independence in all BBC content.
- In addition BBC's UK public services are regulated by Ofcom as required by s319 of the Communications Act and must observe the Ofcom Broadcasting Code which covers standards in programmes, sponsorship, product placement in television programmes, fairness and privacy, in addition to the provisions of its own Editorial Guidelines..
- The BBC may not include sponsored material or advertising in any of its UK Public Services without Secretary of State consent (Articles 49 and 50)., although the BBC has a specific permission under sub-clause 49(4)(i) to accept sponsorship for BBC event costs. However, it is important that arrangements with external organisations do not give the impression that a UK Public Service is commercially sponsored.
- Within the confines of the above obligations, the BBC must ensure that partners are given due attribution and recognition in the branding and promotion of BBC output to which they have contributed (Article 13).
- The BBC will apply clear, objective and editorially appropriate criteria in its choice of appropriate partners and will work with a range of third party organisations or partners over time.

Partnerships (Clause 49(4)(e))

13. The *Shakespeare Lives* Festival, launched in April 2016 to coincide with the 400th anniversary of Shakespeare's death, is a good example of a partnership

where partner contributions contributed significantly to output hosted by the BBC on its public service platforms. The BBC partnered with the British Council, the RSC, the BFI, Shakespeare's Globe, Hay Festival and the Royal Opera House to mount an international online festival showcasing the creative range of Shakespeare's work.

14. Further examples are the partnerships formed by BBC Orchestras based in Scotland, Wales, London and the North of England to support and help finance a range of activities including concerts, tours, education and audience development projects which stimulate interest in classical music in the community.
15. Partnerships may be formed with local authorities, government agencies, arts and cultural bodies, charitable institutions, trusts or foundations, commercial organisations and other suitable bodies subject to the principles outlined below.
16. The BBC may also include in its UK Public Services programming (or funding for programming) provided by the types of organisations listed in sub-clause 49(4), such as BBC Online, including where the content provided has been funded by a commercial body.

Key Principles

17. The following key principles apply to Partnerships and other collaborations:
 - In keeping with the key principle of BBC editorial independence a partnership must not consist merely of the BBC covering the partner's activities or promoting their campaigns. It must be a reciprocal relationship which supports the BBC's partnership duty and offers public value;
 - Partners must be given due attribution and recognition in the branding and promotion of output. Credits for partners must be appropriate and editorially justifiable;
 - Though BBC partnerships are often collaborations with public or not-for-profit organisations, commercial organisations may be involved. It is important that in the course of the partnership the BBC does not appear to endorse commercial organisations or their products or services;
 - The BBC should not enter into any partnership with:
 - political parties
 - tobacco firms or those mainly known for tobacco-related products
 - organisations involved in adult products or services,

- gun or weapons manufacturers, or
- alcoholic drinks manufacturers or suppliers.

18. The BBC should not normally enter into a partnership with a foreign government. Relationships with UK government departments, religious organisations, charities, trusts, foundations and non-governmental organisations which undertake lobbying should also be treated with care to ensure BBC impartiality is not undermined and to avoid the risk of inadvertently broadcasting sponsored material.

Co-funding: minority languages and niche content (Clause 49(4)(f))

19. Clause 49(4)(f) of the Framework Agreement covers co-funding by non-commercial bodies for output in minority languages and other limited circumstances. Examples of activities falling under this category include BBC Alba co-funded by the Gaelic Media Service which broadcasts television, radio and interactive content in Gaelic. In Northern Ireland, the BBC accepts funding from the Irish Language Broadcast Fund for some television broadcasts in Irish.

20. Occasionally the BBC may accept co-funding for learning or educational content or output targeted at a specific section of the audience in circumstances where it would be unjustifiable to fund output entirely from the licence fee.

Key Principles

21. The following principles apply to co-funding by non-commercial bodies for output in minority languages and other limited circumstances, such as for learning and educational output. Suitable co-funders include publicly-funded bodies, charities, charitable trusts or voluntary bodies:

- The BBC must retain editorial control of co-funded BBC content or platforms and it is essential that content does not promote the funder;
- Co-funding must never be taken for news or current affairs on any BBC service;
- The BBC must not accept funds from any organisation whose interests or activities could raise doubts about the objectivity of the content;
- Any co-funding projects must be approved in writing by the relevant BBC Director responsible for the output;

Competition Prizes and awards (Clause 49(4)(g))

22. Some BBC programmes involve joining with suitable third parties to offer a unique, life-changing opportunity or bursary which are aimed at inspiring and motivating audiences. When running general knowledge, or other competitions on television, radio or online the BBC seeks to offer prizes which are appropriate, attractive and suitable for the relevant audience. In achieving this, we aim to provide best value to the licence fee payer and in some cases we may accept modest donated prizes from a third party.
23. If we accept any donated prize or offer any opportunity, award or bursary which involves third party funding it is essential that its acceptance does not call into question the BBC's impartiality, editorial integrity or independence:
- The BBC must not accept any prizes or third party funding of prizes in exchange for broadcast publicity; and
 - the BBC must not promote or appear to endorse any other organisations or their products, services, trade marks and/or activities.

Care must be taken to ensure any reference to the third party is editorially justified.

Sponsored BBC Events (Clause 49(4)(i))

24. The BBC mounts concerts and other public events where the cost of mounting the event is supplemented by third party sponsorship to defray the cost to the licence fee payer. The money from the sponsor may only be used towards the costs of mounting the event and no sponsorship money may be used for production or broadcast costs in covering the event on UK Public Services.
25. BBC events which are covered on air and which take sponsorship include concerts by BBC orchestras *Proms in the Park* or special exhibitions or awards ceremonies such as the ceremony for BBC Radio 3 World Music Awards. Events mounted in aid of Children in Need have also been sponsored.

Key Principles

26. The following principles apply to Sponsored BBC Events:
- BBC broadcast events must only be sponsored by companies not directly related to the subject matter of the event or programmes connected with it;
 - The BBC must not feature the sponsor in the title of any BBC event;
 - Credits should give due recognition of the sponsors role and be referred to the BBC's Editorial Policy team in advance;
 - On-air events must not accept product sponsorship;

- Clearly separated accounts must be kept to show the distinction between event costs and broadcasting costs;
- News and current affairs events and events based on consumer programmes dealing with a range of topics must not be sponsored; and
- Any proposal for sponsorship of a BBC event must be referred to the BBC's Editorial Policy team.