

Statement of Policy in accordance with Clause 75(5) of the BBC Framework Agreement (the “alternative means of finance” provisions)

Introduction: the purpose of this Statement of Policy

1. Clause 75 of the Agreement of 30th June 2006 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 if such finance accords with criteria set out in a statement of policy approved by the BBC Trust and the Secretary of State. The means of finance which must be addressed by the statement of policy are:
 - Co-funding by non-commercial bodies for output in minority languages;
 - Co-funding by non-commercial bodies in other limited circumstances;
 - 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 constitutes the statement of policy, approved by the BBC Trust and the Secretary of State, which 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 partners.

Legal Framework

3. Clause 75(1) of the Framework Agreement requires the Secretary of State to pay to the BBC 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 75(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 75(2)(a) mean that the Licence Revenue cannot be used for
 - activities carried on for the purposes of the World Service;
 - activities carried on for the purposes of any Commercial Service;
 - activities carried on for the purposes of performing services at the request of any Government Department.
5. Under Clause 75(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 75(2)(b) an activity will be “carried out for the purposes of a BBC Service” if it is “within the scope of” the service licence authorising the Service (Clause 75(4)(a)).

6. When deciding whether a BBC Service is partially funded by "any other alternative means of finance" (which would preclude the use of Licence Revenue to carry out activities for the purposes of that Service without Secretary of State prior written approval) certain means of finance are not "alternative means of finance" (Clause 75(5)). If these means of finance are used to fund a Service, Licence Revenue can be used to pay for activities carried out for the purposes of that Service without requiring prior Secretary of State consent. These means of finance are:

- funds from the operation of the commercial services (Clause 75(5)(a));
- funds from the Open University (Clause 75(5)(b));
- funds from any co-production agreement (Clause 75(5)(c));
- funds from co-funding by non-commercial bodies for output in minority languages and other limited circumstances but only where the use of funds to pay for the Service is compatible with a statement of policy approved by the Trust and the Secretary of State (Clause 75(5)(d));
- funds from competition prizes and other awards made available by any one or more third parties under the terms of a framework approved by the Trust (Clause 75(5)(e)); and
- funds derived from 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 and, the use of such funds is compatible with a statement of policy approved by the Trust and the Secretary of State (Clause 75(5)(f)).

7. As detailed in the fourth and last bullet point of paragraph 6 above, in the case of partial funding of BBC Services by:

- non-commercial bodies (Clause 75(5)(d));
- the sharing by third parties of the cost of carrying on or providing, with support from or in cooperation with those third parties, any activity, facility or event featured (in whole or in part) in BBC output or used (in whole or in part) to create BBC output (Clause 75(5)(f)),

a statement of policy setting out the principles according to which it is appropriate for those BBC Services to be (part) funded by these means needs to be put in place and approved by the Trust and the Secretary of State.

BBC policy with regard to external relationships

8. The BBC is committed to working collaboratively with others to deepen the impact and reach of its programmes, 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 as defined in its Charter. By working with partners, the BBC is able to:
 - mount joint initiatives with arts organisations and other bodies which include a range of broadcast and non-broadcast activities;
 - mount major public events, including award ceremonies and concerts given by BBC orchestras, which are broadcast;
 - deliver broadcast services in minority languages, thereby representing more effectively the UK's nations, regions and communities.

9. There are other areas of BBC activity where it works with partners for example, to offer extensive outreach work in communities for its educational and arts initiatives and to extend the impact of social action programming with off-air support activities to help people deal with their problems. As these activities are not specifically carried out with the predominant purpose of featuring in or being used to support the creation of BBC output, they are not required by the Charter and Agreement to be included in this statement of policy.

10. The principles set out in this statement of policy are self-contained, but they are derived from the BBC Editorial Guidelines which apply far more widely than to those activities which fall within the scope of this policy statement as required by the legal framework referred to above and, specifically under Clause 75(5)(d) and (f) (see paragraph 7 above).

Activities covered by this policy statement

11. This document covers the following areas of activity:
 - Co-funding and Co-funding Partnerships
 - Public Value Partnerships (see paragraph 17 below)
 - Sponsored BBC Events

Activities falling under Clause 75(5)(d) (co-funding and co-funding partnerships)

12. Clause 75(5)(d) 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, the Gaelic Digital Service, which will be co-

funded by the Gaelic Media Service and will broadcast 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.

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

Principles for activities falling under Clause 75(5)(d)

14. The following principles will be adhered to in relation 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 for a co-funded programme or website and it is essential that the programme does not promote the funder;
- Co-funding must never be taken for news, current affairs or consumer advice content on any BBC service;
- The BBC must not accept funds from any organisation whose interests or activities could raise doubts about the objectivity of a programme or website;
- Any co-funding projects must be approved in writing by the relevant BBC Director responsible for the output;
- BBC Chief Adviser Editorial Policy must be consulted about co-funding on any UK services.

Activities falling under Clause 75(5)(f) (public value partnerships and sponsored BBC events)

15. Clause 75(5)(f) of the Framework Agreement covers arrangements where the cost of providing BBC activities, facilities or events featured in, or used to create BBC output is shared with third parties. These activities may fall into one of the following categories:

- Public Value Partnerships
- Sponsored BBC Events

These categories are not necessarily mutually exclusive, and indeed other activities may fit within the description of third party funding provided under Clause 75(5)(f). The principles which will apply to activities under Clause 75(5)(f) will be as follows:

- (i) Public Value Partnerships – the principles set out in paragraph 19 below;
- (ii) Sponsored Events – the principles set out in paragraph 22 below;

(iii) Activities other than (i) or (ii) above – the principles set out in paragraph 16 below, together with such other of the principles that apply to Public Value Partnerships and/or Sponsored Events as the BBC Chief Adviser Editorial Policy, in his or her discretion, decides should also apply.

General Principles for activities falling under Clause 75(5)(f)

16. The following general principles will be followed in relation to external relationships which involve third party funding falling under this category:

- BBC Services may not broadcast sponsored programmes or carry advertising and it is important that arrangements with external organisations do not give any impression that a BBC Service is commercially sponsored;
- The BBC's editorial impartiality and integrity must not be compromised and the BBC must retain editorial control of BBC output;
- The choice of partners must be appropriate and not risk bringing the BBC into disrepute;

Public Value Partnerships

17. A key principle of the BBC's Charter Renewal document, *Building Public Value*, was that the BBC would deliver the greatest possible public value through working in partnership with others. The BBC can often inspire and motivate audiences far more powerfully if it works with others.

18. Good examples of this are the public value 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 and education and audience development projects which stimulate interest in classical music in the community and are often featured in or used to support the creation of BBC output. These partnerships may be formed with local authorities, government agencies, arts and cultural bodies, charitable institutions, some commercial organisations and other suitable bodies.

Key principles for Public Value Partnerships

19. The following principles apply to Public Value Partnerships:

- Partnerships must not compromise the BBC's editorial values or independence. A partnership must not consist merely of the BBC covering the partner's activities or promoting their campaigns. The partner/partners need to be involved with the BBC in an activity which offers public value;
- Any money from partners must only go into off-air activities or support material and no money from an external partner may be used for any programme costs.

- Any BBC credits for partners must be appropriate and editorially justifiable. Any proposal to credit a third party in a partnership arrangement on air or online must be referred to the BBC's Chief Adviser Editorial Policy at an early stage, and well before any contracts are issued;
- Though public value 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 public value partnership with:
 - political parties
 - tobacco firms or those mainly known for tobacco related products
 - organisations involved in pornography
 - alcoholic drinks manufacturers and suppliers.

The BBC should not normally enter into a partnership with a foreign government. Relationships with UK government departments, religious organisations, charities and organisations which undertake lobbying should also be treated with care to ensure BBC impartiality is not undermined.

Sponsored BBC Events

20. The BBC mounts some concerts and other public events where the cost of mounting the event is supplemented by outside sponsorship to defray the cost to the licence fee payer. The money from the sponsor is used only for the costs of mounting the event and no sponsorship money may be used for any broadcast costs in covering the event.
21. BBC events which are covered on air and which take outside sponsorship include concerts by BBC orchestras, *Proms in the Park*, special exhibitions such as the *Tomorrow's World Live Roadshow* and 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 for Sponsored BBC Events

22. The following principles apply to Sponsored BBC Events:
 - Sponsorship arrangements should not bring the BBC into disrepute and some sponsors may be unacceptable;
 - BBC broadcast events must only be sponsored by companies not directly related to the subject matter of the event or programmes connected with it;

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- The BBC must not feature the sponsor in the title of any BBC event;
- 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;
- Any proposal for sponsorship of a BBC event must be referred well in advance to BBC Chief Adviser Editorial Policy.