

BRITISH FILM INSTITUTE
BOARD OF GOVERNORS

MINUTES
23 SEPTEMBER 2014

Minutes of the meeting held from 17:00 to 19:00 on 23 September 2014 in the Library, Cumberland Lodge, Cumberland Lodge, The Great Park, Windsor, Berkshire, SL4 2HP.

A part of these minutes has been withheld for confidentiality reasons

Present:

Greg Dyke (<i>Chair</i>)	Ashley Highfield
Libby Savill (<i>Deputy Chair</i>)	Tom Hooper
Josh Berger CBE	Matthew Justice
Charles Cecil MBE	Jonathan Ross OBE
Alison Cornwell	Andrea Wong

In attendance:

Amanda Nevill	Chief Executive	
David Parkhill	Director of Finance & Resources	
Ben Roberts	Director of Film Fund	
Heather Stewart	Creative Director BFI	
Iain Thomson	Board Secretary	
Vivienne Avery	Head of BFI Research and Statistics Unit	<i>Item 2</i>

1. APOLOGIES

Pat Butler
Pete Czernin
Oona King
Peter Kosminsky
Tim Richards

1. INTRODUCTION/WELCOME

A part of this minute has been withheld for reasons of confidentiality

1.1 The Chair outlined the purpose of the away day and the matters that would be considered during the meeting. The Board briefly discussed the items that would be considered include, opportunities for business growth and governance. It was noted that no firm decisions would be required at this juncture; rather it was an opportunity to consider options in advance of decisions being taken in the future.

2. HOW IS UK FILM DOING? – A PRESENTATION FROM THE BFI RSU

Vivienne Avery joined the meeting.

2.1 Vivienne Avery gave a presentation on findings from the 2014 Statistical Yearbook that was noted by the Board.

Vivienne Avery left the meeting.

3. PRIORITIES OF THE NEXT CONSERVATIVE/LABOUR GOVERNMENT

Tom Hooper, Ben Roberts and others joined the meeting.

3.1 The priorities of any potential future government were outlined. The Board agreed that the maintenance of the tax reliefs was paramount

4. WHAT DOES UK FILM WANT FROM THE NEXT GOVERNMENT?

4.1 The paper before the Board was noted and discussed.

BRITISH FILM INSTITUTE
BOARD OF GOVERNORS

MINUTES
24 SEPTEMBER 2014

Minutes of the meeting held from 9:15 to 15:00 on 24 September 2014 in the Library, Cumberland Lodge, Cumberland Lodge, The Great Park, Windsor, Berkshire, SL4 2HP.

Present:

Greg Dyke (<i>Chair</i>)	Matthew Justice
Libby Savill (<i>Deputy Chair</i>)	Oona King
Pat Butler	Peter Kosminsky
Charles Cecil MBE	Tim Richards
Alison Cornwell	Jonathan Ross OBE
Tom Hooper	Andrea Wong

In attendance:

Amanda Nevill	Chief Executive
Ed Humphrey	Director of Digital
David Parkhill	Director of Finance & Resources
Ben Roberts	Director of Film Fund
Heather Stewart	Creative Director BFI
Iain Thomson	Board Secretary

1. APOLOGIES

Josh Berger CBE

Pete Czernin

Ashley Highfield

1. Introduction

- 1.1** The Chair welcomed the Governors to the Away Day.
- 1.2** Amanda Nevill gave a brief introduction, stating that the intention of the Away Day was to start considering the development of Film Forever 2, which will need to grapple with the financial, political and industry environment. She described it as an exciting challenge, which should take advantage of the positive steer from the Triennial Review and the invaluable knowledge built up from Film Forever 1. In effect the BFI was being invited to come up with the next iteration of a new big, bold and ambitious plan for film, which would demonstrate a reduction in dependence on government money, a commitment to consideration of the wider screen industries, and further development of the BFI's UK wide role.
- 1.3** The Executive had already started to look at the bigger picture and had formed four taskgroups looking at income growth, and a small group to start developing a new strategy. This very early work would form the basis of the presentations and papers to aid Board discussions. The Board noted the value of the Away Day as crucial in giving the Executive an important steer in understanding the priorities of the Governors for a bold new plan to be developed.

FINANCIAL CONTEXT

2. The Government's Financial Forecast

- 2.1** David Parkhill gave a presentation outlining DCMS' financial forecast for the next five years that was noted by the Board. The information had been presented to NDPB Finance Directors at a recent conference.
- 2.2** It was clear from the presentation that there was still a long way to go to meet the fiscal mandate. The spending reductions central to deficit reduction were outlined. The next Comprehensive Spending Review was discussed. It was noted that the next review was likely to be more detailed than the previous review. The clear indications from treasury are that we are still very much in a period of austerity.
- 2.3** The Board noted that there will be interest in projects that reduce dependence on revenue grant in aid but may require additional capital grants as capital is considered investment and not spend. There is a demonstrable gain and increases in efficiency from such projects that reduce the call on revenue expenditure. The efficiency initiative will continue.

3. The BFI Financial Envelope

Part of this minute has been withheld for confidentiality reasons

Overview – The Next Five Years

- 3.1** The Board was advised that this overview related to non-lottery related expenditure. The Board noted that the five-year model had been reworked to 2019. Projected income and expenditure was discussed by the Board in detail.
- 3.2** In headline terms, from 2011 to 2014, the BFI was expending less while activity has increased. The Board noted that there were very few further efficiencies that could be achieved.
- 3.3** The Board discussed Certification activity. The BFI had made it clear to DCMS that it may not be able to maintain the same level of service without increasing funding. It was further noted that the continuation of the certification service was a requirement of the funding letter that was approved by the Board.
- 3.4** It was agreed that consideration would be given to offering an enhanced certification service that would operate on a consultancy basis advising on how best to achieve a positive application.

A Challenge - How Much More Could We Generate?

- 3.5** The BFI was being challenged to reduce dependency on Grant in Aid (GiA) in the medium to long term. The Board noted that the Executive had begun meeting this challenge head on setting targets for net income growth 2020.
- 3.6** David Parkhill outlined that to get a better understanding of the BFI's capacity and aptitude to increase income, four task groups had been created to examine four areas with potential for business growth in detail. The areas of potential business growth were discussed. The Board noted that the risks associated with each initiative had not yet been properly refined and that the figures specified remained headline at present.

3.7 *Fundraising*

The forward plan already assumes a significant year on year increase in fundraising – which will be challenging given that the level of activity and promotion will remain static. In addition, for the BFI London Film Festival, which is a crucial fundraising opportunity, the increasing number of sponsors and Patrons represent valuable growing income, but capacity to deliver the contractual ticket requirements, when the Odeon West End is being demolished, and Odeon Leicester Square reduced from 1600 seats to 1200 will cause real challenges. Consideration is also being given to the fact that a major capital fundraising campaign is anticipated and issues of resource capacity will need to be addressed. Furthermore, a capital campaign will threaten the ongoing (and increasing) revenue targets, so the view is that to manage

this risk, further growth beyond any capital campaign should concentrate on Patrons and other similar schemes where multi-year commitments make annualised revenue more secure.

3.8 Existing Activity

Every existing revenue activity is being examined, and the main areas of identified growth, above current business plan projections, are retail, advertising and confectionary/popcorn.

3.9 Property

A medium to longterm plan is being developed with a brief to maximise the commercial revenue that could be achieved. The medium term envisages a range of radical options including changes to Stephen Street, additional beverage and retail and potential replacement of NFT2 with a retail offering, although the Board expressed some disquiet in this regard and asked the Executive to look alternatively at a higher-end cinema with catering for a premium ticket price. The longer term plan assumed the consolidation of assets, reducing overheads, potential disposal or leasing to maximising the use of the most valuable properties, and a major capital campaign to build a new film centre which as a plan taken together could yield several million per annum.

3.10 New Business

Some new areas linked to the value of the BFI brand internationally and the development of commercial event packages have been identified to explore.

- 3.11** The Board discussed whether the successful development of commercial enterprise would necessitate a stand alone commercial arm, and also discussed the challenges of finding and being able to remunerate commercial candidates in the context of current NDPB restrictions.

The Film Campus - Refreshing the Story

- 3.12** Heather Stewart gave a 'refresher' presentation on the vision for the proposed Film Campus or 'Film Quarter'. She outlined the cultural, industrial and economic imperative and advantage that an iconic National Film Centre would bring to the forward vision. The continued value placed by the public and industry alike on bricks and mortar as complimentary to the digital world was discussed and understood. It was noted that having already made the commitment to invest in the Film Audience Network and the BFI Player, that ensuring the future of a national centre for film was vital.

4. Pause for Thought – Double Checking – Are we certain this is what we want to do? – Blue Sky Session

Parts of this minute have been withheld for confidentiality reasons

4.1 The Board then elected to challenge their continued commitment to what would be a large and challenging project.

4.2 The Board felt that a continued strengthening commitment to growing film across the UK was vital.

5. A Radical Way Forward – Options

5.1 The Board considered a number of long term financial scenarios based on the range of options discussed across the away day. The scenarios were based on the assumption of a 5-7 year financial strategy, with varying mixes of revenue and capital options, with the aim of moving the BFI closer to financial sustainability. The Board asked the Executive to explore the options more generally with DCMS officials.

5.2 The Board asked the Executive to prepare for the November Board a first pass presentation on what an outline future strategy for the BFI might look like informed by the discussions held during the Away Day.

GOVERNANCE

6. Exploring a New Relationship with Government

6.1 Iain Thomson outlined the main elements of the draft paper that were noted and discussed. The benchmarking work undertaken to inform the paper was considered by the Board.

6.2 Following consideration of the current processes for the appointment of the Chair and Governors respectively, it was agreed that the issues raised both by the paper and during the discussion should be considered by the Corporate Governance Task Group of the Board. The Group was asked to report its findings to a future meeting of the Board.