



Department  
for Culture  
Media & Sport

# **Triennial Review of the British Film Institute**

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# Executive Summary

The Triennial Review of the British Film Institute (BFI) was launched on 26 March 2014 by the laying of a Written Ministerial Statement (WMS) in the Houses of Parliament by the Minister for Culture, Communications and Creative Industries, Ed Vaizey MP. Triennial Reviews are part of the Government's Public Bodies reform work providing a robust challenge to the continuing need for non-departmental public bodies (NDPBs) and to review their control and governance arrangements. This is the first Triennial Review of the BFI.

The BFI was classified as an NDPB sponsored by the Department for Culture, Media and Sport (DCMS) in 2011, when it became the lead body for film in the UK. This followed from the closure of the UK Film Council and the transfer of a number of functions to the BFI, including the distribution of Lottery funding for film. The BFI has therefore been through a period of significant change. The Review received the consistent message from stakeholders that the BFI should be recognised for managing this period of change successfully. Stakeholders noted that the UK-wide consultation that the BFI conducted to inform their strategy for 2012 to 2017 ('Film Forever'), indicated the BFI's commitment to working productively with partners throughout the UK. In addition, partners and the film industry consistently noted that the BFI had continued to deliver its core functions well during this period of significant change.

The Review received a consistently clear message from stakeholders and the film industry that they welcomed the creation of a single lead body for film in the UK, and that the BFI was performing this role well, making an important contribution to supporting and enabling the UK film industry, which contributes £4.6 billion to the UK economy a year and directly or indirectly employs 117,000 people<sup>1</sup>. The Review found that the BFI is a well-respected and valued organisation, with an important role to play in supporting the UK film and television industries through education and, as a national centre of technical expertise, through its role in collecting and managing one of the largest national collections of film and television.

The Review concluded that all the BFI's key functions met at least one of the 'three tests', that it should remain an executive Non-Departmental Public Body, and that it should maintain its core functions based on the five objectives set out in its Royal Charter. The Review considered that the creation of a single lead body for film that brought together cultural and commercial expertise in one organisation had delivered efficiencies. If any of the key functions were moved to another organisation, these efficiencies could be lost.

One of the key recommendations made in this Review is the development of a Business Development Strategy, focused on establishing a new commercial model which will optimise the value of the BFI's various assets, and identify new ways to increase income from private sources. Once established, this Strategy should help reduce dependency on Grant-in-Aid

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<sup>1</sup> Oxford Economics report update April 2014: <http://www.bfi.org.uk/news/uk-film-s-contribution-uk-gdp-over-46b>

(GIA). The Strategy is expected to be in place by December 2014, and will be owned by a member of the BFI's senior team. It will include measurable deliverables and metrics on which the BFI will report to DCMS. This approach will help to ensure the sustainability of the BFI in future years.

The Review also recommends that the BFI conducts a cost benefit analysis of the BFI London Film Festival, setting out options for increasing sponsorship levels and for a new commercial model of delivery building on international best practice. Given that it was too soon to judge the impact of new initiatives such as the BFI Player, the Review also recommends providing annual updates to DCMS on whether the BFI Player remains the optimal delivery mechanism for their digital content, delivering value for money from both a commercial performance and cultural value point of view.

The Review found that the BFI Board was effective in providing robust challenge to the executive team, and that the Board members had a good range of expertise, which the BFI benefited from. Stakeholders had welcomed the increase of commercial expertise at Board level, which had ensured that the Board represented the full breadth of the BFI's wider remit.

In partnership with the BFI, the Review team considered the appointments process to the Board. The Review recommends that the process is brought in line with Cabinet Office guidance, such that the Secretary of State for Culture, Media and Sport is given the power of appointment of the BFI Chair and Board members (who are all non-executives). The Review also recommends that the BFI's Royal Charter is revised to reflect this change. The expectation is that this change will be implemented gradually, as Board posts become vacant.

The Review also noted the BFI's continuing commitment to increasing diversity across the film industry, as well as its strong leadership role in promoting British film internationally including, most recently, its important role in securing a co-production treaty with China. Looking to the future, it is clear that the digital convergence of both content and delivery will continue. The BFI will want to consider how it engages with the broader creative content sectors, including video games, animation and high-end television, within this context.

A full list of recommendations can be found at the end of this executive summary.

## Full list of recommendations

### **The Review recommends that:**

1. The BFI remains an executive Non-Departmental Public Body.
2. The BFI maintains its core functions based on the five objectives set out in the Royal Charter:
  - a. To encourage the development of the arts of film, television and the moving image throughout the UK
  - b. To promote their use as a record of contemporary life and manners
  - c. To promote education about film, television and the moving image generally, and their impact on society
  - d. To promote access to and appreciation of the widest possible range of British and world cinema
  - e. To establish, care for and develop collections reflecting the moving image history and heritage of the UK.

### **Business Development Strategy**

3. The BFI develops a Business Development Strategy by December 2014, focused on developing a new commercial model, which optimises the value to Her Majesty's Government of the various assets in their ownership, and on increasing income from other sources, and reducing dependency on Grant-in-Aid. In doing so, the BFI should agree measurable deliverables and metrics, and performance reporting on these with the DCMS sponsorship team.
4. The BFI makes business development objectives a key deliverable of the senior management team and identifies a business development lead on the senior team with responsibility for delivering the Business Development Strategy.
5. The BFI considers how to increase corporate sponsorship and philanthropic giving, with particular focus on the BFI London Film Festival and the Archive, to make those activities more sustainable, and the BFI benchmarks their fundraising against other National Collections, in particular focusing on the cost of the development team in proportion to the amount raised.

## **Future Focus**

6. The BFI engages with the broader creative content sectors, including video games, animation and high-end television, within the context of the continuing digital convergence of both content and delivery, and sets out an approach in the next strategy for the period beyond Film Forever.

## **BFI Archive**

7. The BFI continues to seek rights ownership to the Archive's contents where possible.
8. The BFI benchmarks the running costs of the Archive against other national collections, in order to identify further areas of efficiency in order to reduce costs.
9. The BFI continues to identify opportunities to bring together film archives in one place and continues to work with other public bodies to reduce overlap and ensure archiving takes place in the most cost-effective manner.
10. The BFI reviews charges made to content owners for access to ensure that they are charged at full cost.
11. The BFI, as part of the Business Development Strategy, regularly reviews opportunities to generate revenue from the archive collections as more content is digitised and made available on the BFI Player or other platforms.

## **Certification**

12. The BFI maintains service levels of the certification function to ensure that tax relief applications continue to be processed within 28 days.

## **Administrative Costs**

13. The BFI maintains its Lottery distribution gross administrative costs under the 8% target, with a focus on reducing it further, driving out any inefficiency in the grant administration process through sharing best practice with other distributors, and making use of central government initiatives such as the Grants Efficiency Programme.
14. The BFI should be included within the scope of any work conducted following the Big Lottery Fund Triennial Review recommendation that:

*The Cabinet Office and the Department for Culture, Media and Sport scope the potential for increased use of a shared service model between the Lottery distributors and other grant making bodies, for corporate services and/or for grant making and the Fund considers shared service opportunities as part of its overall cost control.*



15. The BFI continues to keep shared services under review, to identify whether in-house delivery on areas such as legal services, audit, and IT continues to offer the greatest value for money compared to other options, including the Government's Next Generation Shared Services Strategy (NGSS) offer.

### **Estates**

16. The BFI conducts a full commercial options analysis for their estates plan, including consideration of locations beside Southbank, opportunities for new commercial partnerships, and includes the strategy on estates within the Business Development Strategy.

### **BFI Player**

17. The BFI takes the Digital Strategy into account in the new Business Development Strategy, and continues to focus, where justified on a commercial return basis, on securing agreements for the BFI Player with other platforms, and on entering international markets.
18. The BFI provides annual updates to DCMS on whether the BFI Player remains the optimal delivery mechanism for their digital content, delivering value for money from both a commercial performance and cultural value point of view.

### **BFI London Film Festival**

19. The BFI conducts a cost benefit analysis of the BFI London Film Festival, setting out options for increasing sponsorship levels and for a new commercial model of delivery, including significantly decreasing the level of on-going governmental support, and adapting it to a greater 'trade market' focus. The BFI commissions the required analysis by August 2014, to be considered by the BFI Board before reporting findings to DCMS by February 2015.

### **Locked Box and Joint Venture**

20. The BFI shares its evaluation of the effectiveness of the Locked Box and Joint Venture with DCMS and with the wider public.

### **Diversity**

21. The BFI embraces its leadership role on diversity, and joins up with diversity initiatives in the broader creative industries, including television.
22. The BFI continues with its plans to extend the 'three ticks' approach recently announced for the Film Fund to all other areas of activity, including Lottery funding.

## **Working with Partners**

23. The BFI focuses on strengthening engagement between all strategic partners, supporting effective, more efficient connections between them. The Review team endorses the Film Policy Review 2014 finding that:

*“As it matures in its role as lead agency for film in the UK, we would encourage it to find an optimum balance between providing strong industry leadership and truly collaborative partnership working that allows partners the necessary licence to deliver against their remit. The Panel encourages the BFI to consider its strategic role as facilitator of industry-led collaboration and partnership to be equally as significant as its operational role as an investor of Lottery awards.”*

24. The BFI evaluates the impact of partnership programmes and considers whether there are any opportunities for streamlining arrangements ahead of the next Spending Round.

## **International**

25. The BFI continues to focus its international strategy on the commercial opportunities for inward investment, export of film and through co-production treaties, and extends its focus to include high-end television, animation and video games production.
26. The BFI reviews its allocation of resources to international work to ensure that the staffing and funding levels are sufficient to deliver the strategy and ministerial priorities on inward investment and to grow exports.

## **Governance and Appointments**

27. The BFI Chair is appointed by the Secretary of State and that the appointment is regulated by the Office of the Commissioner for Public Appointments (OCPA).
28. The BFI Board members are appointed by the Secretary of State and the appointments made in accordance with OCPA principles, to be implemented as vacancies arise on the Board (with the exception of the Member Governor post(s)).
29. The BFI agree amendments to their Royal Charter with DCMS, including giving the Secretary of State power of appointment of the BFI Chair and Board members, and submit the changes to the Privy Council for approval at their November or December 2014 meeting.
30. The BFI and DCMS review the size and make-up of the Board with a focus on increasing the diversity of the Board through future appointments, including maintaining

regional representation, and securing representation from beyond the creative industries sector.

31. The BFI continues to address with DCMS any corporate governance areas where they are not yet fully compliant, including on pay progression.
32. The BFI and the DCMS sponsor team consider mechanisms to further improve transparency, for example through the sharing of Board agendas in advance to allow officials to make informed judgements about requests for further information, such as Board papers and minutes, or requests to observe Board meetings.

### **Next Steps**

The DCMS sponsorship team will work with the BFI to develop an Action Plan from the Review recommendations. The Action Plan will include key deliverables and a timetable for delivery of each recommendation. The BFI will report annually to DCMS on progress against the Action Plan.

# Chapter 1 – Background and Introduction

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- 1.1 This document sets out the findings and recommendations of the 2014 Triennial Review of the British Film Institute (BFI). It describes the purpose of Triennial Reviews, the process adopted for the Review and presents findings based on feedback from stakeholders and analysis of a range of evidence on the BFI's activities and impact.

## The Triennial Review

### Aims of the Review

- 1.2 It is Government policy that a non-departmental public body (NDPB) should only be set up, or remain in existence, where the model can be clearly evidenced as the most appropriate and cost-effective way of delivering the function(s) in question.
- 1.3 In April 2011, the Cabinet Office announced that all NDPBs still in existence following the reforms brought about by the Public Bodies Act would have to undergo a review at least once every three years. These Triennial Reviews would have two purposes:
- 1.3.1 To challenge whether there is a continuing need for individual NDPBs – both their function and their form, employing the ‘three tests’ discipline (whether the body performs a technical function, whether it performs a function that requires political impartiality, or whether it needs to establish facts/figures independently from ministers); and
- 1.3.2 Where it is agreed that a particular body should remain as an NDPB, to review the control and governance arrangements in place to ensure that the public body is complying with recognised principles of good corporate governance.
- 1.4 All Triennial Reviews are carried out in line with Cabinet Office guidance “Guidance on Reviews of Non-Departmental Public Bodies”, July 2014<sup>2</sup>. This guidance states that reviews should be:

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<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/230191/Cabinet-Office-Guidance-on-Reviews-of-Non-Departmental-Public-Bodies.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/230191/Cabinet-Office-Guidance-on-Reviews-of-Non-Departmental-Public-Bodies.pdf)

- **Proportionate:** Reviews must not be overly bureaucratic and should be appropriate for the size and the nature of the NDPB in question;
- **Timely:** Reviews should be completed quickly – the first stage ideally within three months – to minimise disruption to the NDPB’s business and reduce uncertainty about its future;
- **Challenging:** Reviews should be robust and rigorous. They should evidence the continuing need for individual functions and examine and evaluate as wide a range as possible of delivery options; They should take into account the alignment of Arm’s Length Bodies (ALBs) with wider Government objectives around economic growth, deficit reduction and efficiency.
- **Inclusive:** Reviews should be open and inclusive. Individual NDPBs must be engaged in reviews. Key users and stakeholders should have the opportunity to contribute to reviews. Parliament must be informed about the commencement and conclusions of reviews.
- **Transparent:** All reviews should be announced and all reports of reviews should be published; and
- **Value for Money:** Reviews should be conducted in a way that represents value for money for the taxpayer.

## Context

- 1.5 Encouraging and stimulating growth is a core principle for the Government, which is one of the main reasons for seeking to reduce regulatory burdens. This has relevance to the Triennial Review programme, which looks at reducing the number of unnecessary bodies.
- 1.6 After the public bodies reform programme, led by the Cabinet Office in 2010, the UK Film Council (UKFC) closed in 2011, and a number of functions were transferred to the BFI. This created a single lead body for film in the UK.

## Process

- 1.7 The Review was launched on 26 March 2014 by Written Ministerial Statement (Annex B) and was supported by a team of officials from DCMS and the Cabinet Office (Annex C). A copy of the Terms of Reference can be found at Annex D. The devolved administrations were also informed of the Review and invited to provide evidence.
- 1.8 In accordance with Triennial Review guidance, the size of the organisation warranted the establishment of a Challenge Group to review and challenge both the content and the process of the Review, to ensure that it was sufficiently robust and evidence-based. The Challenge Group included members with commercial expertise, and experience of working internationally, and in the digital sector. Further details of the Challenge Group membership and the meetings held can be found at Annex C.

- 1.9 The additional expenditure associated with the Review was minor travel costs of under £500.

## **Evidence and Stakeholder Engagement**

- 1.10 The Review team identified relevant stakeholders in consultation with the BFI and the DCMS sponsorship team. These included Board members, staff, funded partners, representatives from the film industry including grant recipients, trade associations, organisations that work in partnership with the BFI, including other NDPBs, the devolved administrations and central Government departments.
- 1.11 The Review team published a call for evidence survey which sought the views of stakeholders of the BFI. The link to the survey was published on GOV.UK and the BFI website, and sent to a broad range of the BFI's stakeholders. The Review team also received a number of written submissions from BFI partners and members of the public that were also taken into account.
- 1.12 The Review team visited the BFI National Archive in Berkhamsted and BFI Southbank in order to gain evidence about the specialist nature of the conservation and digitisation work conducted by the BFI. The team also arranged a series of round-table meetings to discuss the BFI with key stakeholders.
- 1.13 A summary of the stakeholder engagement can be found at Annex G. In keeping with the principle of proportionality the Review drew on existing sources of evidence wherever possible, including the Film Policy Reviews (2012<sup>3</sup> and 2014<sup>4</sup>), the BFI Statistical Yearbook<sup>5</sup>, the BFI Annual Reports and Financial Statements<sup>6</sup>, the BFI Management Agreement 2012-15<sup>7</sup>, the BFI Policy Directions for the National Lottery<sup>8</sup>, and reports commissioned by the BFI and others, such as an evaluation of the BFI Film Academy commissioned by the Department for Education.
- 1.14 The Film Policy Reviews were a particularly significant and valuable source of evidence. The 2012 Film Policy Review was commissioned by the Government and chaired by Lord Chris Smith. The review focused on the audience for film: helping to develop new audiences for the future; helping to get more British and

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<sup>3</sup> <https://www.gov.uk/government/publications/a-future-for-british-film-it-begins-with-the-audience-report-on-the-film-policy-review-survey>

<sup>4</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/274265/1316-A\\_Film\\_Policy\\_Doc\\_ACCESSIBLE.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/274265/1316-A_Film_Policy_Doc_ACCESSIBLE.pdf)

<sup>5</sup> <http://www.bfi.org.uk/education-research/film-industry-statistics-research/statistical-yearbook>

<sup>6</sup> <http://www.bfi.org.uk/about-bfi/annual-review-management-agreement>

<sup>7</sup> <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-department-for-culture-media-and-sport-and-british-film-institute-2012-2015-management-agreement-2013-02.pdf>

<sup>8</sup> <https://www.gov.uk/government/publications/british-film-institute-financial-directions-for-the-national-lottery>

specialised films seen by more people; helping to sustain the independent British sector; and the distribution of British films overseas. The review made recommendations to the BFI and the Government. Following the publication of the review and extensive consultation across the UK the BFI published their strategy for 2012-2017, Film Forever. The Government asked Lord Smith to reconvene the review panel in 2013 to assess progress made against their recommendations, and they reported in January 2014<sup>9</sup>. Ed Vaizey, MP, Minister for Culture, Communications and Creative Industries welcomed the report and emphasised the important contribution the creative industries make to the UK economy<sup>10</sup>.

## Select Committees

- 1.15 The Minister for Culture, Communications and Creative Industries contacted the Chair of the Culture, Media and Sport Select Committee on Wednesday 26 March, to inform him of the Review and to seek his input.

## Keeping the BFI informed

- 1.16 The Review team liaised closely with the BFI to ensure that they were kept informed and had sufficient opportunity to comment on the approach taken by the team. The Review team would like to put on record their thanks to the BFI Chair, Chief Executive and senior team for their engagement with the Review, and to the many staff who facilitated meetings and responded promptly to requests for information.

## Using the evidence collected

- 1.17 The Review team used the evidence gathered to inform conversations and discussions throughout the review process. All the conclusions and recommendations made by the Review are based on an assessment of this evidence base. Where relevant, the specific evidence is highlighted in the relevant part of the report. The detail from specific sources, for example the survey, is also summarised in the Annex A.

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<sup>9</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/274265/1316-A\\_Film\\_Policy\\_Doc\\_ACCESSIBLE.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/274265/1316-A_Film_Policy_Doc_ACCESSIBLE.pdf)

<sup>10</sup> <https://www.gov.uk/government/news/new-challenges-for-uk-film-industry-bfi-and-government>

# The British Film Institute

## Overview of the BFI

- 1.18 The BFI was founded in 1933 and became a registered charity in 1964. It became a Royal Charter<sup>11</sup> body in 1983. Following the closure of the UK Film Council on 31 March 2011, the BFI was classified as an executive Non-Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS), and took on the responsibility of distributing Lottery funds for film throughout the UK.
- 1.19 The BFI is the lead organisation for film in the UK. They maintain the BFI National Archive and BFI Reuben Library, and support British and international filmmaking through festivals, film distribution, exhibition and education at BFI Southbank and BFI IMAX, publishing and festivals.
- 1.20 The BFI National Archive<sup>12</sup> was established in 1935 and holds one of the world's largest collections of film and television in the world. The collection contains feature films, documentary and factual films, television programmes, artists' films, books, journals, photographs, audio recordings, scripts, designs, press books, posters and personal papers. The Archive contains nearly a million titles, dating from the earliest days of film to the 21<sup>st</sup> Century. They are stored in 22,000 physical containers in three vaults, across two BFI sites, the Conservation Centre, Berkhamsted and the UK's Master Film Store at Gaydon, Warwickshire. This state-of-the-art film store, which opened in 2011, houses the master film collection, around half of which is on cellulose nitrate film stock, which is highly inflammable, requiring specialised storage.
- 1.21 The BFI receives direct public funding known as Grant-in-Aid from DCMS in addition to Lottery funds (see chapter 3 for a detailed breakdown of Grant-in-Aid and Lottery funding). BFI partners funded through Lottery funding are Creative England, Creative Skillset, Film Agency for Wales, Film London (including the British Film Commission), First Light and Northern Ireland Screen.
- 1.22 The Secretary of State for Culture, Media and Sport is responsible to Parliament for the activities of the BFI. The BFI Chief Executive Officer is the Accounting Officer.

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<sup>11</sup> <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-royal-charter-2000-04.pdf>

<sup>12</sup> <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-collection-policy-2011-11-16.pdf>



## **Lottery Funds**

1.23 Lottery funds do not form part of Exchequer funds and they are not consolidated as such. However, they are defined as public money because they are subject to public regulation and accountability in the following respects:

- The money is protected by statute through the National Lottery Acts, which ensure that Lottery money is held in the National Lottery Distribution Fund (NLDF) in proportions agreed in statute, and shared out to the Lottery distributors in these proportions;
- The Chief Executive of each Lottery distributor is accountable to ministers, who in turn, are accountable to Parliament;
- NLDF is under the control and management of the Secretary of State for Culture, Media and Sport;
- The Comptroller and Auditor General examines, certifies and reports on distributors' annual statement of accounts.

## **Structure of the BFI**

1.24 The BFI has eight executive board members. The Board is headed by a Chief Executive Officer (Amanda Nevill, appointed 2003). The Deputy Chief Executive left the BFI during the review period and the BFI took this opportunity to review their management structure. As a result of this a new post, Director of External Affairs, was created.

1.25 An organogram setting out the senior management structure of the BFI can be found at Annex E.

## **Staffing of the BFI**

1.26 The average number of staff employed by the BFI in the financial year 2012/13 was 444 (full time equivalent). A breakdown of staffing can be found in the BFI Annual Report and Financial Statements 2012/13<sup>13</sup>. The Executive Board comprises the Chief Executive and 7 Directors. The average number of full-time equivalent employees of the BFI during the year was as follows:

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<sup>13</sup> <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-annual-report-and-financial-statements-2012-2013-07-31.pdf>

### Staffing at the BFI

Number	2012-13	2011-12
Costs of generating voluntary income	17	17
Education, Learning & Audiences	234	241
Supporting British Film	39	39
Film Heritage	152	148
Governance costs	2	2
Total	444	447

1.27 The largest number of staff (234) covers Education, Learning and Audiences work, covered by the BFI Southbank Exhibition and Festivals Teams (including programmers, events team, front of house staff, projectionists at BFI Southbank & IMAX). Also within this number are curators at the Reuben Library and Mediatheque, the BFI Southbank Education Team and a team dealing with Distribution Content and Publishing (DVDs, books, Sight & Sound magazine).

1.28 152 members of staff cover Film Heritage work, including Collections & Information (Gaydon, Berkhamsted and London). This work also includes collections management, documentation, conservation and restoration. 39 staff members work on Certification, the Film Fund, Media Desk, Business Affairs, Production, Finance and in the Research and Statistics Unit. 17 staff members work on fundraising initiatives to generate voluntary income. There are 2.5 people in full time employment on International work.

### BFI spending (in millions)

1.29 In the BFI Annual Report and Financial Statements 2012-13, total income of £110.0m (2012: £165.4m) was recorded, with the most significant difference being a one-off £50.9m of assets transferred in from the UK Film Council (UKFC) in the prior year. The BFI also received one-off sums from DCMS in the prior year related to the transition costs of change and the Screen Heritage UK programme.

1.30 Net incoming resources for the year therefore amounted to £10.0 million (2012: £59 million), with the difference to the prior year largely explained by the receipt of Lottery assets from the UKFC.

1.31 A summary income statement and a breakdown of the BFI's budget can be found in the BFI Annual Report and Financial Statements<sup>14</sup>.

### Further information about the BFI

1.32 Key corporate documents published by the BFI can be accessed at Annex E.

<sup>14</sup> <http://www.bfi.org.uk/about-bfi/annual-review-management-agreement>

# Stage One of the Triennial Review

## Chapter 2 – Findings on the functions and form of the BFI

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### Context

- 2.1 Triennial Reviews examine whether all the functions fulfilled by a public body are still necessary, and if they are, whether the current form of organisation is the most efficient and cost-effective delivery model.
- 2.2 When considering the form of organisation, review teams consider a range of alternative delivery models, and whether the functions pass one or more of the three ‘tests’ of whether the functions should be delivered ‘at arm’s length’ from ministers, i.e. by an NDPB.

### The functions of the BFI

- 2.3 The BFI’s core functions are based on the five objectives set out in its Royal Charter. They are:
  - to encourage the development of the arts of film, television and the moving image throughout the UK;
  - to promote their use as a record of contemporary life and manners;
  - to promote education about film, television and the moving image generally, and their impact on society;
  - to promote access to and appreciation of the widest possible range of British and world cinema; and
  - to establish, care for and develop collections reflecting the moving image history and heritage of the UK.
- 2.4 The business objectives and performance indicators to deliver these functions are set out in the BFI’s Management Agreement with DCMS 2012-2015<sup>15</sup>.
- 2.5 BFI also reports to DCMS against its policy and financial directions for Lottery Funding for England and the United Kingdom, issued to the BFI on 1 April 2011<sup>16</sup>.

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<sup>15</sup> <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-department-for-culture-media-and-sport-and-british-film-institute-2012-2015-management-agreement-2013-02.pdf>

<sup>16</sup> <https://www.gov.uk/government/publications/british-film-institute-financial-directions-for-the-national-lottery>

2.6 The BFI set out three strategic priorities in Film Forever<sup>17</sup>, the BFI Strategy from 2012 to 2017. They are:

**1- Expanding education and learning opportunities and boosting audience choice across the UK**

Film Forever sets out a strategy for expanding understanding, knowledge and skills. Education and learning are a priority to help grow audiences and creative talent of the future. The BFI work in close partnership with higher education and further education institutions.

Film Forever also sets out a strategy for boosting audience choice, through recognising and addressing the increasing complexity of multiple platforms and ensuring audiences have a greater choice of film whether online, in the home, in the cinema or on the move.

**2- Supporting the future success of British film**

Film Forever sets out a strategy for supporting British film and filmmakers through investment in filmmaking, through the BFI Film Fund's production, development and talent awards, and their certification unit assessing whether films are culturally British, and therefore eligible for tax relief.

**3- Unlocking film heritage for everyone in the UK to enjoy**

Film Forever sets out a strategy for making the UK's screen heritage available to the public, digitising content from both the BFI National Archive and regional archives, and securing agreement of rights holders to digitise work and make it available in the cinema, DVD and online platforms.

2.7 The BFI intend to measure the success of its Film Forever strategy, tracking the health of the film industry and film culture in the UK through an assessment of qualitative and quantitative data. Indicators of success include:

- An increase in the total size of UK audiences
- An increased market share for British independent films
- An increase in the value of inward investment and of exports
- An increase in the UK film industry contribution to GDP
- Major domestic and international awards won by UK talent
- An increasing diversity of UK audiences and UK film workforce
- An increase in the percentage of the UK population that values film as part of their cultural life.

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<sup>17</sup> <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-film-forever-2012-17.pdf>

## Evidence and analysis of the BFI's functions

### Evidence provided on the BFI's functions and analysis

- 2.8 The Review team received feedback on the BFI from the online survey, which had 156 unique responses, 40% of which were submitted on behalf of an organisation, with the remaining 60% from individuals. The team also received eight written responses from partners of the BFI and four letters from members of the public. The review team held round table discussions with a number of the BFI's key stakeholders, including representatives from the film industry, funded partners, and trade associations. The team also conducted a number of meetings and phone calls with individual partner organisations, officials from the devolved administrations and other Government departments.
- 2.9 There was a strong endorsement from all sources of evidence gathered by the Review for the continued need for the five core functions, based on the objectives in the Royal Charter, to be fulfilled. The survey found that 92% of respondents agreed that some or all of the BFI's functions should continue, with 89% saying that all of the functions were needed.
- 2.10 The survey asked how effective respondents thought the BFI was in delivering the five core objectives of the BFI, as defined in the Royal Charter. There was a general consensus that the BFI is delivering its core functions well with most positive responses above 80%.
- 2.11 The survey contained a series of questions assessing how stakeholders viewed the way in which the BFI delivered its core functions. There was a reasonably strong response rate (over 80 responses for all questions) and over 80% responded positively across all but one customer satisfaction criteria. The satisfaction level for "transparency of the funding process" was just below 80%. The number of the respondents who had applied for Lottery funding was 38. 87% of these respondents indicated that they received sufficient assistance with their application for Lottery funding. The BFI receives in the region of 450 feature applications a year, of which 25 to 30 are supported, so the majority of applications are unsuccessful. In addition they receive approximately 400 development applications a year, of which they support approximately 100.
- 2.12 The survey asked for stakeholder views on the organisational capability of the BFI. The respondents clearly indicated that they see the BFI as having a solid organisation base, with responses to all but one of the criteria above 70%.
- 2.13 The survey respondents on the whole thought that the BFI:
- Is performing well against its five core objectives;
  - Is delivering relatively high levels of customer satisfaction;
  - Has strong levels of organisational capability;
  - Is improving its reach to the Regions but has more to do to succeed in this

- respect;
- Represents the needs of under-represented groups well;
- Has the correct remit and organisational structure; and
- Would benefit from a wider representation on the Board of Governors including Member Governors.

A more detailed breakdown of the survey's results can be found at Annex A.

## Is an arm's length body the most efficient and effective way to deliver those functions?

### Why did the BFI become an NDPB?

2.14 The BFI is a Non-Departmental Public Body (NDPB), which is broadly defined as:

*'a body which has a role in the processes of national government, but is not a Government department or part of one, and which accordingly operates to a greater or lesser extent at arm's length from ministers'.*

2.15 The BFI was set up in 1933 and received a Royal Charter in 1983. In 2000, following the creation of the UKFC, which had NDPB status, the BFI was classified as a second-tier public body that received Grant-in-Aid through the UKFC. The BFI operates nationally across the whole of the UK.

2.16 After the Public Bodies Review, led by the Cabinet Office in 2010, the UK Film Council (UKFC) closed in 2011, and a number of functions including the distribution of Lottery funding for film were transferred to the BFI. This created a single lead body for film in the UK.

2.17 More information on different types of public body, including NDPBs, is available on the Public Bodies Reform page on the Gov.uk<sup>18</sup> website.

### Three tests for being an NDPB<sup>19</sup>

2.18 The Government's presumption is that if a 'public function' is needed then it should be undertaken by a body that is democratically accountable at either national or local level, and that such a body should only exist 'at arm's length' from Government if it meets one of three tests:

1. It performs a technical function (which needs external expertise to deliver).
2. It performs a function which needs to be, and be seen to be, delivered with absolute political impartiality (such as certain regulatory or funding functions).

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<sup>18</sup> <https://www.gov.uk/public-bodies-reform>

<sup>19</sup> See guidance at:  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/332147/Triennial\\_Reviews\\_Guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332147/Triennial_Reviews_Guidance.pdf)

3. It performs a function which needs to be delivered independently of ministers to establish facts and/or figures with integrity.

2.19 The Review has concluded that the work of the BFI does not pass the third test, but that it strongly passes the first two tests.

### **Test 1 – Technical function**

2.20 The BFI has a number of functions that require technical expertise: it provides a specialist grant-making function which requires expertise in film; it maintains the National Film and Television Archive, which requires technical expertise due to the nature of storing film, and it has a certification unit for assessing applications to qualify films, high-end television programmes, animation programmes and video games as British, allowing them to access the UK's creative sector tax reliefs. The Review assessed that the BFI passed this test.

### **Test 2 – Political impartiality**

2.21 There are a number of reasons why the BFI's work needs to be, and be seen to be, delivered with absolute political impartiality.

2.22 Lottery funds distributed by the BFI come from the Lottery ticket buying public, and not from income or indirect taxes applied to the population at large. It is therefore 'the public's money' for which a degree of care-taking and accountability is required given its scale, rather than public money from tax income that a Government is democratically elected to raise and spend.

2.23 There is also an expectation from customers and stakeholders for the BFI to be politically impartial in its decision-making, and anything that causes a perception that this may not be the case, such as undue influence over specific funding decisions or instructions about where to direct strategic programmes, would cause concern. The survey asked for views on whether or not the work of the BFI must be politically impartial. This question received an 86% 'Yes' response. The Review assessed that the BFI passed this test.

### **Test 3 – Establish facts and/or figures**

2.24 The third test assesses whether the NDPB is able to act independently of ministers to establish facts and/or figures with integrity – for example in the compilation of National Statistics.

2.25 Although the BFI does gather facts and figures about its work which can be used by Government and industry to inform and explain public policy or a business approach, it is not critical for the data to be collected by an organisation independent from Government.

### **Counterfactuals: Comparison of alternative delivery models for the BFI**

2.26 The Review considered the full range of alternative delivery models, as set out in the Triennial Review guidance, for delivering the BFI's functions. Some of these were rejected as not appropriate but a more detailed assessment was made of the options considered potentially more viable.

- 2.27 Consideration was given to bringing all or some of the BFI's functions into central government. However, the Review considers that the functions of the BFI are best delivered by a single, focused organisation with the necessary independence and technical skills. Industry stakeholders in particular were supportive of having a single focused organisation, especially compared to previous experience with functions split between the Department and multiple other bodies (i.e. the previous UK Film Council/BFI split). The Review also considered that delivery by a new Executive Agency would not be appropriate; the cost of enabling a new body would be high, and was not considered by the Review team as justifiable.
- 2.28 The Review then considered whether the functions could move outside central government and be delivered by local authorities. The Review quickly determined that the type of work the BFI carried out is not suited to being delivered at a local level. As the BFI is the lead organisation for film in the UK, the Review did not consider this to be feasible and therefore discounted this option.
- 2.29 The Review then looked at the possibility of merging the BFI with another body. The Review considered other Arm's Length Bodies (ALBs) that had an alignment of functions with the BFI and whether there were any natural options for a merger. The Review also noted feedback from stakeholders that the BFI's significant technical expertise and knowledge enabled it to perform its function effectively and efficiently. The Review concluded that although it would be technically possible to move the Lottery film distribution function to another Lottery distributor, any potential benefits of this would be outweighed by the loss of the broader benefit of having a single lead body for film in the UK.
- 2.30 The Review also considered the possibility for moving functions outside of NDPB status either to the private sector or on a more commercial basis. The need to retain the Lottery distribution function within an NDPB (see the political impartiality test above) limited the number of functions that could be moved to the private sector. The Review considered the potential for moving some functions to the private sector. However, as has been noted this would remove the benefits of having a single lead body for film.
- 2.31 The Review considered outsourcing functions to the private sector. The BFI already outsources some of its activities, for example through a contract for the IMAX operation and DVD distribution. However, many of the BFI functions would not be suitable for outsourcing, such as Lottery distribution. The additional complexities of contractualising the relationship between the BFI and the Government meant that this option was not considered further.
- 2.32 A public corporation was not considered appropriate as the BFI does not cover 50% of its operating costs from selling goods and services. While the BFI does have significant commercial income it is outweighed by the Lottery and GIA funding.
- 2.33 Other private sector options (such as creating a new company) were not considered appropriate as it was not clear that they would be any more efficient than the current organisation and the added complexity and cost of setting up a new body was unlikely to represent value for money, especially if Lottery functions remained within Government. This was particularly true due to the current organisational structure as a Royal Charter body. The Review concluded that this would reduce credibility with industry by having multiple bodies for film rather than a single body.



2.34 Continued delivery by an NDPB remains the most appropriate delivery model for the BFI, given the balance that it holds between the statutory responsibility of ministers, the autonomy of the BFI, and the effectiveness and credibility it offers to stakeholders and customers of the existing NDPB organisation.

2.35 The survey asked whether or not being an NDPB is the most efficient organisational model for the BFI. 72% agreed that NDPB is the most appropriate BFI model, with only 9% disagreeing.

## Conclusions on delivery model for the BFI

2.36 In relation to alternative delivery models, the Review concluded that:

- None of the alternative models considered would deliver significantly greater benefits (against the assessment criteria) than the BFI's current NDPB status, and therefore;
- It is very likely that the costs of implementing a different delivery model would outweigh the benefits of doing so.
- Some of the core functions of the BFI either required technical expertise (e.g. the certification process for UK tax relief) or were not commercially motivated (e.g. custodians of the UK's film heritage). As such, a 'counterfactual' alternative of moving its functions to the private sector or a different/new part of Government would be inappropriate and present significant risks (see table below).

### Alternative Delivery Options: Assessing BFI functions, as underpinned by the BFI's Strategic Priorities, and the stakeholder requirement for a single body offering leadership across the UK

	Education, learning and audiences (including BFI Player and London Film Festival)	Supporting British film (including through UK film certification assessment)	Supporting Film Heritage (including through development and maintenance of the Archive)	Single body for leadership, policy and research, working with UK partners through grants and Lottery funding	Comments
<b>Abolish</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	Abolition of the BFI would involve high impact risk; some functions could be moved elsewhere (e.g., Lottery film funding and the BFI's role as custodians of the UK's film heritage) but services could be seriously affected. Confidence in the UK film industry could be seriously undermined by lack of leadership, and potential negative impact on commercial interests, including by disruption to the BFI's screen certification function.
<b>Move to central government</b>	<b>PARTIAL</b>	<b>PARTIAL</b>	<b>Y</b>	<b>Y</b>	While a move to central government would guarantee a single body with overall responsibility in the UK and ensure accountability for public functions such as maintenance of the Archive, the costs of moving the BFI would likely be prohibitively high. Expertise in screen certification and commercial parts of

					BFI would best sit outside of HMG. Stakeholders also expect the BFI to operate with political impartiality, particularly given its role as Lottery distributor, making a transition to an Executive Agency inappropriate.
<b>Move to local government</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>N</b>	Local government could be an appropriate way to embed learning and encourage greater audiences. However, it is not a suitable platform from which to deliver the BFI's public functions such as maintaining the Archive, offer national leadership or support the nation's film industry. Given key functions such as lottery distribution, stakeholders may also be concerned that political impartiality could be compromised
<b>Merge with another body</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	Moving BFI public functions such as Lottery distribution to another public body may produce efficiencies in the longer term. However, since the closure of the UK film Council, there are no natural bodies with which the BFI could merge to cover other functions. Any potential benefit would also need to be set against the loss of the broader benefit of having a single lead body.
<b>Move some functions to private sector</b>	<b>Y</b>	<b>N</b>	<b>N</b>	<b>Y</b>	The Review considered the potential for moving some functions to the private sector; the BFI has already outsourced some functions which are more readily geared to the private sector, such as contracting out the IMAX operation. Other public functions (e.g. Lottery distribution or Archive maintenance) would either require an NDPB (or similar) framework or would be of limited commercial interest. The potential for moving further functions would be limited. Potential to move support to UK film industry to the private sector would be limited.
<b>Public Corporation</b>	<b>Y</b>	<b>Y</b>	<b>N</b>	<b>N</b>	A public corporation was not considered appropriate as the BFI does not cover 50% of its operating costs from its commercial income.
<b>Maintain BFI's current status as NDPB</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	Continued delivery of objectives as set out in Royal Charter through an NDPB model remains the most appropriate mechanism. A transfer of some functions after the closure of UK Film Council to the BFI has also brought strong stakeholder endorsement of the BFI's leadership role. The reasons for originally classifying the BFI as an NDPB remain valid.

2.37 In relation to the BFI's current NDPB status, the Review concluded that:

- a. The reasons for originally classifying the BFI as an NDPB remain valid.
- b. Any alternative delivery model would have to be compatible with NDPB status to deliver public functions. There was insufficient evidence to suggest alternative models would provide further efficiencies or offer the national leadership role which, as stakeholders noted throughout the consultation period, the BFI currently provides.

### **Recommendation 1**

The BFI remains an executive Non Departmental Public Body.

### **Recommendation 2**

The BFI maintains its core functions based on the five objectives set out in the Royal Charter:

- a. To encourage the development of the arts of film, television and the moving image throughout the UK.
- b. To promote their use as a record of contemporary life and manners.
- c. To promote education about film, television and the moving image generally, and their impact on society.
- d. To promote access to and appreciation of the widest possible range of British and world cinema.
- e. To establish, care for and develop collections reflecting the moving image history and heritage of the UK.

# Chapter 3 – Efficiency

## Context

3.1 If the conclusion from stage one of the Triennial Review process is that there is an ongoing need for the functions and form of the NDPB to continue, the Review is required to assess how the organisation operates in order to identify scope for increasing efficiency and effectiveness. Following the conclusion of stage one of the Triennial Review of the BFI, this chapter reviews the organisation against a number of efficiency measures, including administrative costs, staffing, shared services, and the estate costs. As set out in Cabinet Office guidance for Triennial Reviews<sup>20</sup>, this Review considers the BFI's potential to generate more commercial income, whether the BFI partners find it easy to interact with, and how the BFI's expertise can be exported internationally. The Review considers the above in the context of increasing foreign direct investment and inward investment generally supporting economic growth.

## The BFI as a single lead body for film in the UK

3.2 In 2011, the UK Film Council (UKFC) closed and a number of functions were transferred to the BFI. This created a single lead body for film in the UK. The BFI maintained delivery during this time of significant change, at the same time as a reduction in Grant-in-Aid funding. The Film Policy Review (2012) reported a strong message from stakeholders that there is a continuing requirement for a single, strong leadership body for film in the UK.

3.3 The Review has received a consistently clear message from industry that they are supportive of a single lead for film and that BFI is carrying out those functions well. For example a key stakeholder said:

*“Over the past three years the BFI has adapted very well to its role as the strategic lead organisation for the film sector.”*

3.4 A BFI Board member noted:

*“It was a challenge to incorporate the commercial activities of the UKFC with the more charitable, cultural focus of the BFI. The way the transfer of functions was managed, and the way that activities were consolidated, was impressive.”*

## Finding

A strong endorsement of the creation of a single lead organisation for UK film.

<sup>20</sup> <https://www.gov.uk/government/publications/triennial-reviews-guidance-and-schedule>

## Funding sources

3.5 The BFI receives income from a number of sources for its activities. The largest source of the BFI's income is Lottery funding. The remaining income is split by generated income from commercial activities and Grant-in-Aid (GIA) provided by DCMS. The table below sets out how each of these income streams has changed over the last three years.

**BFI Income Sources**<sup>21</sup>

Year	GIA £m	National Lottery £m	Self-generated Income £m	Total Income £m	Total Expenditure £m
2011-12	33.5	36	18.7	88.2	82.6
2012-13	27.9	52	20.6	100.5	81.5
2013-14	23.3	47	20.6	90.9	97.4

## Grant-in-Aid

3.6 A significant proportion of GIA funding is allocated to fund partners, with £8 million allocated to Creative England and partners in Northern Ireland in 2013/14, leaving £16.3 million to fund the Archive, festivals, and other core programmes and activities, including policy, strategy and film certification. The GIA allocation has reduced since 2011, in line with other parts of the public sector. GIA funding reduced from £33.5 million in 2011/12 to £23.3 million in 2013/14.

## Lottery

3.7 The BFI distributes Lottery funding across a variety of activities to both invest in British film and also through partnerships to deliver audience and learning development. Lottery income is allocated to the BFI based on attribution rates set in Statute. The BFI currently receives 2.7% of the available funding for the Arts Good Cause. The BFI has seen an increase in Lottery funding from £36 million in 2011-12 to £47 million in 2013-14, mainly due to an increase in income to the National Lottery Distribution Fund and changes to the statutory allocations which reduced the percentage attributed to the Big Lottery Fund.

3.8 The BFI is also able to recoup investments made through the Film Fund where the film is a success and generates profit, for example "The King's Speech". The terms on which these recoupments are made are negotiated through the Film Fund awards. It should be noted that income received in this way increases the available Lottery funding for film, and cannot be used by the BFI to fund other activities.

3.9 Twelve permanent members of staff work in the Film Fund on development and production, plus a part time story editor. The team receives around 450 feature applications a year, of which the BFI support 25 to 30. The BFI receives

<sup>21</sup> DCMS Annual Reports and Accounts

approximately 400 development applications a year, of which they support approximately 100 new projects each year, in addition to maintaining a rolling development slate of several hundred projects. A further team of three currently work in Distribution, and ten staff work in Business Affairs and Production Finance.

- 3.10 Since 2011 the BFI has also set up a number of partnerships to deliver programmes including the Film Audience Network and Into Film. This approach seeks to deliver programmes with the most efficient use of resources by using partnerships rather than a single BFI delivery mechanism.

### **Self-generated Income**

- 3.11 Commercially generated income is delivered from a variety of sources. The four most significant sources are: the Southbank site; Reach and Access (including DVD sales); the IMAX; and development income (including income from trusts and foundations, corporate sponsorship, and donors).
- 3.12 Commercially generated income can vary due to the nature of the services provided, particularly for the BFI which provides some services that the market itself couldn't sustain. Some services such as archiving are inherently non-commercial and commercial income for cinema ticket sales are largely dependent on the popularity of the film programme and so may fluctuate significantly from year to year. The BFI has sought to reduce some of this volatility through contract agreements (such as letting out the IMAX to Odeon).
- 3.13 As noted above, the ability of the BFI to raise additional revenue reduces reliance on GIA. The BFI has increased its commercial income since 2011 and will need to continue to do so (including by looking at more opportunities for corporate sponsorship and encouraging philanthropic giving) to offset any future reductions in GIA.
- 3.14 The wide variety of income streams, ranging from cinema tickets through to education courses, highlights the need for a strategy to maximise income opportunities. The BFI made clear to the Review team that they have identified opportunities in areas such as digital delivery of content to develop additional revenue streams. However, the BFI does not have an overall commercial strategy that allows the senior management team to identify opportunities for growth and establish clear metrics for the BFI to deliver against.

### **Archive**

- 3.15 Industry stakeholders and the BFI noted that while the Archive includes significant amounts of material, there is likely to be limited commercial value in exploiting this due to the issue of rights and ownership if there is commercial interest in the content. The BFI is looking to exploit the available content through the BFI Player in addition to the existing income streams across B2B, distribution (including DVD releases) and other access sales and should consider how best to achieve this in line with other commercial activities.

## **Cinema and retail services**

3.16 The BFI operate the Southbank site as well as the Stephen Street site. The IMAX operation is outsourced. The BFI has also completed a deal with a commercial partner that is expected to generate additional revenue from the Stephen Street site through a revenue-sharing arrangement. While the BFI considers its wider estate requirements it should continue to assess ways of delivering additional revenue from these cinema and retail services.

## **Staffing**

3.17 BFI's main cost is related to staffing, as set out in Chapter 1. Of the 444 (full time equivalent) staff members employed in 2012-13, the largest number of staff (234) were allocated to the education, learning and audiences strategic priority, which includes the operations at Southbank.

## **Awards**

3.18 GIA awards are paid to partners and represent a pass-through from DCMS to agencies such as Creative England and Northern Ireland Screen. These are separate to amounts of Lottery monies delegated for distribution by third parties and through the Film Fund. The BFI does not therefore spend this GIA but provides it to partners either at pre-agreed levels or for specific activities.

## **Accommodation costs**

3.19 Accommodation costs reflect the costs of all the BFI's estate, including the Archive at Gaydon and Berkhamsted. Accommodation costs have risen by £2 million since 2011 and the BFI expect the costs of operating Southbank in particular to continue to increase due to the age of the estate (and the subsequent increase in costs of maintaining and running the site). Further information on the BFI estate can be found at 3.39.

## **Marketing**

3.20 The BFI spent £1.7 million on marketing in 2013/14, of which £1.4 million underpinned commercial generating activities such as the BFI London Film Festival, BFI Southbank and DVDs (which contributed £15.8 million in 2013/14), and fundraising activity (which contributed £3.3 million in 2013/14).

### **Recommendation 3**

The BFI develops a Business Development Strategy by December 2014, focused on developing a new commercial model, which optimises the value to Her Majesty's Government of the various assets in their ownership, and on increasing income from other sources, and reducing dependency on Grant-in-Aid. In doing this the BFI should agree measurable deliverables and metrics, and performance reporting on these with the DCMS sponsorship team.

### **Recommendation 4**

The BFI makes business development objectives a key deliverable of the senior management team and identifies a business development lead on the senior team with responsibility for delivering the Business Development Strategy.

### **Recommendation 5**

The BFI considers how to increase corporate sponsorship and philanthropic giving, with particular focus on the London Film Festival and the Archive, to make those activities more sustainable, and the BFI benchmarks their fundraising against other National Collections, in particular focusing on the cost of the development team in proportion to the amount raised.



**Case Study: The following table illustrates how the BFI may intervene at each stage of a film's lifecycle:**

A lifecycle for a film	Examples of BFI interventions
<p><b>Script/Project Development.</b> BFI works with producers and writers to develop their scripts into a project for production. Development investment is very scarce, especially for emerging talent.</p>	<p>BFI provides development support and has set up a New and Emerging Talent Network across the UK through partners in the Nations. If the film progresses to the production stage this funding is repayable into a locked box for that filmmaker to use on other projects.</p>
<p><b>Production.</b> Moving the project from development into production requires a finance plan and some investors. There are 3 principal public funders (BFI, Film 4 and BBC Films) and the BFI is the only one that operates an open application process.</p>	<p>BFI invests in approximately 30 feature films p.a. Our interest is often between 25% and 50% of the total budget. Any money recouped by the BFI from these investments are shared with the producers (and in some cases writers and directors), and money is placed in a locked box for them to invest in their future projects</p>
<p><b>Sales.</b> Revenues are generated through distribution sales both into the domestic and international markets. Festivals around the world are key to getting films seen and securing deals for feature films through film markets.</p>	<p>BFI supports sales agents to assist filmmakers to attend key festivals, takes delegations to new markets ( i.e. China), has piloted a new P&amp;A fund in the US and has led the development of a single UK brand for film festivals 'We are UK Film'.</p>
<p><b>Distribution.</b> A distributor will work out the best way to get the film to the market, this includes theatrical exhibition, DVD, T-VOD, S-VOD, Pay TV and Free to air TV. Traditional windows apply to most releases but increasingly independent films are attempting day and date multi-platform releases, particularly for films that are unlikely to get a wide theatrical release.</p>	<p>The BFI distribution fund supports British films and specialised films to get wider releases – particularly outside London. BFI has helped fund the piloting of new release models including day and date release across all platforms for 'A Field in England' and fed back lessons learned to the industry. BFI Player offers a new online platform that specialises in culture cinema giving profile to independent film in ways that mainstream companies like Netflix and Lovefilm generally don't.</p>
<p><b>Exhibition.</b> Theatrical release can vary significantly depending on the size of the film – it is expensive to open on lots of screens so independent films tend to have a limited theatrical release outside London.</p>	<p>Through the festivals fund, programming fund and BFI neighbourhood fund, and the Film audience network, the BFI invest in growing the audiences for British and specialised films across the UK and supporting more independent films to get theatrical releases outside London.</p>

## **Future Focus of the BFI**

- 3.21 The Film Policy Reviews of 2012 and 2014 noted the rapid convergence of the screen industries, and in particular the increasingly blurred line between film and television programmes, as well as the increasing lack of distinction audiences are making as they shift between mediums on an ever-expanding range of devices. This presents both challenges and opportunities for the film sector, and is reflected by the Government's introduction of new tax reliefs for video games, animation and high end television programmes to sit alongside the existing and highly successful film tax relief. Increasing collaboration is expected for the future, as set out in the Creative Industries Strategy document produced by the Technology Strategy Board last year, 2013.
- 3.22 Industry is already taking advantage of these changes, with an increasing number of big budget shows such as Game of Thrones and 24 now choosing to shoot in the UK, and companies such as Lionsgate expanding into video game development and other interactive experiences that reflect the modern consumer's desire to participate more fully in the entertainment they consume.
- 3.23 Whilst the BFI has historically focused on film and television, one of its principal objectives as set out in its Royal Charter is to encourage the development of the moving image throughout the UK. As the convergence of both content and delivery continues apace, the BFI could make a broader interpretation of what the moving image means in the 21<sup>st</sup> century, and take the lead in ensuring that future policy directions reflect these developments and include the flexibility to adjust to what is likely to remain a rapidly changing and complex creative space.

### **Recommendation 6**

The BFI engages with the broader creative content sectors, including video games, animation and high-end television, within the context of the continuing digital convergence of both content and delivery, and sets out an approach in the next strategy for the period beyond Film Forever.

## **Archive**

- 3.24 More than 70% of footage in the BFI National Archive is television. The BFI is designated as the National Television Archive, and funding for this comes from the Broadcasters, directed by Ofcom. In April 2014, the BFI and the BBC signed a Heads of Agreement. This agreement focuses on supporting the BFI's role in the preservation and maintenance of the National Television Archive. The BFI and the BBC will collaborate using the archiving technology and television content available to both parties with the objective of creating a Digital National Television Archive. The expected benefits of this project include an increase in accessibility to the UK's television heritage, better collaboration on resources, expertise and technology, and a reduction in the risk of duplication of effort across the organisations.

3.25 BFI expertise in film preservation underpins a number of important contractual relationships with other UK institutions, including The National Archives (TNA) at Kew (the official archive and publisher for the UK Government, and for England and Wales) and the Parliamentary Archive. Neither organisation has the expertise or infrastructure to manage large collections of moving image material, so all public record films are deposited with the BFI, as are all recordings of the proceedings of the House of Commons, House of Lords and Select Committees.

#### **Case Study: BFI's contract with The National Archive**

In 2013 TNA reviewed the BFI's charges for storing their film archive. They concluded that the BFI was providing an efficient service that was value for money. They also identified the following benefits of the BFI carrying out this function:

- The skills and facilities at the BFI for the care of film collections including object handling; content identification; documentation; conservation; preservation; contextualisation; digitisation; facilitating public access and storage;
- Conservation technology – the BFI National Archive maintains equipment and skills in obsolete formats; a developed and specialised workforce equipped to preserve and create access to the broadest range of film, videotape and digital formats;
- A managed collection with appropriate storage environments for the type of materials held for designated public record titles, including an optimal storage environment for the passive preservation of nitrate and safety films within the BFI Master Film Store. The BFI Master Film Store offers sub-zero and dry conditions in an energy efficient building designed to store a large national film collection sustainably for 50 years;
- Curatorial subject expertise;
- The BFI Archive is one of the most accessible, and most accessed film archives in the world, with over 6000 research visits in 2013/14 (access details at Annex I);

#### **Efficiency of the BFI National Archive**

3.26 The cost of maintaining the Archive<sup>22</sup> (including storage, preservation and estates costs) was £4.8 million in 2012-13. This included £2.5 million on the Collections Team and Labs, £2.3 million on accommodation/facilities management, £1 million on TV Recording Activity and £0.5 million on the Documentation Team costs.

3.27 These costs were in part offset through £1.6 million of commercially generated income through archive storage and TV recordings. The Archive also supports other revenue generation through DVD distribution and the BFI Player. The BFI has sought opportunities to deliver additional efficiencies through working with other archives and cultural organisations to use the skills that it has to reduce costs and deliver more efficient archiving. There is scope to assess running costs of other archives in order to benchmark future efficiency efforts. Recent opportunities relating to the Archive include:

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<sup>22</sup> Figures for 2012-13 provided by BFI

- Working with The National Archive (TNA) to agree a new funding arrangement with a new legally binding agreement (see case study above). It was agreed that The National Archives would continue funding storage, research access and passive conservation, but costs for enhanced access would be excluded. In addition, it was agreed that in recognition of the specialised conservation needs of film and videotape, and the requirement on occasion to create accessible materials, both TNA and BFI would create a new collaborative model for agreeing preservation priorities. Any charges associated with agreed preservation are in addition to the storage and access charge;
- Offering a shared storage service to other public collections, which has resulted in the BFI taking on the nitrate collections of all regional archives and the Imperial War Museum;
- Working with the regional archives to achieve efficiency savings and shared services;
- Passing the costume collection held by the BFI to the Victoria and Albert Museum who are better placed to manage it.

3.28 The BFI is currently looking at how to maximise the potential of its archive material. However, the expensive and time-intensive process of rights clearance means that business cases need to assess not only the potential commercial or cultural value of a film, but whether any income it can generate will help offset the expenses that are incurred. These robust and time intensive processes are necessary in order to minimise any legal risk attached to distributing film in the BFI Archive.

#### **Case study: Rights clearance**

Copyright, rights research and licensing is a highly specialised area of work, with many legal complexities. The rights department at the BFI deals with commercial and non-commercial titles (as part of the Unlocking Film Heritage programme). A business case with an accurate evaluation of projected revenues for the different rights windows exploited against the costs incurred is carried out for every film. Distribution models include DVD release or publishing a film on a video-on-demand platform.

The following steps are required to licence a film; copyright status research, rights owner research/ identification, approach and negotiation and administration and performance of a contract. There are many challenges including the number of authors needed to grant permission, inconsistency of death dates and difficulty in accessing records. This often means that rights research is an extremely time consuming, resource-heavy task, with no guarantee that the current rights holder will be identifiable and traceable.

#### **Finding**

The BFI takes a rigorous approach to negotiating ownership and rights usage of archive material with the content owners prior to digitisation, including a business case to assess potential revenue against process costs.

### **Recommendation 7**

The BFI continues to seek rights ownership to the Archive's contents where possible.

### **Recommendation 8**

The BFI benchmarks the running costs of the Archive against other National Collections, in order to identify further areas of efficiency in order to reduce costs.

### **Recommendation 9**

The BFI continues to identify opportunities to bring together film archives in one place and continues to work with other public bodies to reduce overlap and ensure archiving takes place in the most cost-effective manner.

### **Recommendation 10**

The BFI reviews charges made to content owners for access to ensure that they are charged at full cost.

### **Recommendation 11**

The BFI, as part of the Business Development Strategy, regularly reviews opportunities to generate revenue from the Archive collections as more content is digitised and made available on the BFI Player or other platforms.

## **Certification function**

3.29 The BFI has a certification unit for assessing applications to qualify films, high-end television programmes, animation programmes and video games as British, allowing them to access the UK's creative sector tax reliefs. The unit offers advice on qualification under the creative sector cultural tests, the UK's bilateral co-production agreements and the European Convention on Cinematographic Co-production.

3.30 The certification unit's activities include:

- Assessing applications for British film under the UK's cultural tests.
- Assessing applications for high-end television programmes, and animation programmes under the UK's cultural tests (since April 2013).
- Assessing applications for British video games under the UK's cultural tests (since April 2014).
- Assessing applications for British film certification under one of the UK's ten bilateral co-production agreements or under the European Convention.
- Assessing applications for British high-end television and animation certification under one of the UK's six bilateral co-production agreements which allow television co-production.
- Assessing applications for EC Certificates of British Nationality for film and television.

- Offering one-to-one guidance to applicants on how to qualify under the cultural tests and co-production agreements.
- Seminars and presentations on the qualification and application process.
- Liaising with officials in Her Majesty's Government (HMG) and key industry stakeholders to maintain a pro-active and reliable service.
- Guidance on British films, high-end television, animation and video game tax relief.

3.31 Currently, the certification unit process applications within 28 days. The approval for UK certification remains with the Secretary of State for Culture, Media, and Sport, and applications are approved weekly.

3.32 The Review received consistent positive feedback on the administration of this function, which moved from the UKFC to the BFI in 2011. This feedback was received through the survey, discussions with representatives from the relevant industries (including animation and video games), from the DCMS film policy team and from HMRC officials. In their feedback to the Review, HMRC officials expressed confidence in the capability of the BFI to perform this function.

3.33 A stakeholder from UK Interactive Entertainment (Ukie – a trade body for the UK's wider games and interactive entertainment industry), commented that:

*“The BFI Certification Team have been excellent. They have engaged well with the video games industry in educating them about the new tax relief and eligibility for it”*

3.34 The Review team looked at other delivery options for this function, such as moving it to central government (for example to DCMS or HMRC). However, it was clear that the function benefited from being conducted by technical experts with access to broader film expertise – one of the three ‘public function’ indicators used by HMG when assessing NDPBs as part of the Triennial Review process<sup>23</sup>. In addition, the tax relief currently has a good rate of uptake; feedback received during the Review suggested there was concern amongst some stakeholders that any changes to the administration of the system could damage industry confidence in the stability of the tax relief, which could deter future UK productions.

### Finding

Stakeholders have confidence in the BFI's ability to undertake its certification function, and the BFI is working effectively with the High End TV, animation and video games sectors following the recent expansion of the tax credit.

### Recommendation 12

Utilising its in-house expertise, the BFI maintains service levels of the certification function to ensure that tax relief applications continue to be processed within 28 days.

<sup>23</sup> See ‘Does the BFI pass the three tests for being an NDPB?’, page 22.

## How efficient is the BFI?

### Lottery delivery

#### Lottery overhead

3.35 Since taking on the function of distribution of Lottery Funds, the BFI has significantly reduced the overhead cost of delivering Lottery functions, focused on the 8% gross target, set by DCMS in 2011<sup>24</sup>. In 2013/14 the BFI had a Lottery overhead cost of 7%, reduced from 14% in 2010-11 when the function was carried out by UKFC. The BFI should maintain focus on reducing the administrative cost of Lottery distribution further while maintaining a high quality service.

### Shared Services

#### Office functions and IT

3.36 The BFI currently provides back office functions in house, including Human Resources, payroll and other services. Procurement and other services are carried out using government frameworks where possible. As part of their commitment to efficiency the BFI commissioned an independent review of their administrative functions in 2013 to identify areas where savings could be achieved through changes including moving to shared services. The report concluded that the current approach offered value for money compared to other options, although there might be potential for savings from IT shared services. In the light of an assessment of the potential for shared services, the desktop IT system was identified as the only area where there could be further improvement. Therefore the BFI is working on making its desktop IT systems “cloud ready” by 2017 in anticipation of moving to the cloud, providing it will be a more cost-effective solution. A move to the cloud will include network hardware and BFI will also review at that time whether the management and maintenance of the desktop environment – PCs, printers etc. – should be outsourced.

3.37 While the Review team recognise the bespoke services that the BFI offer there should be further consideration of how savings can be made from standard services such as payroll. The Next Generation Shared Services (NGSS) programme has created two shared service centres and the BFI should continue to assess how they may reduce the cost of back office services as part of operating within a reduced GIA allocation. The BFI should explore the Government’s G-Cloud framework for public bodies in order to save money on long contracts, maintenance and physical storage.

#### Finding

The BFI has reduced the administrative cost of distribution of Lottery funding to film to within the 8% gross target.

<sup>24</sup> <https://www.gov.uk/government/news/reform-of-the-national-lottery-goes-on-with-distributors-to-cut-administration-costs>

### Recommendation 13

The BFI maintains its Lottery distribution administrative costs under the 8% gross target, with a focus on reducing it further, driving out any inefficiency in the grant administration process through sharing best practice with other distributors, and making use of central government initiatives such as the Grants Efficiency Programme<sup>25</sup>.

### Recommendation 14

The BFI should be included within the scope of any work conducted following the Big Lottery Fund Triennial Review<sup>26</sup> recommendation that:

*The Cabinet Office and the Department for Culture, Media and Sport scope the potential for increased use of a shared service model between the Lottery distributors and other grant making bodies, for corporate services and/or for grant-making and the Fund considers shared service opportunities as part of its overall cost control.*

### Recommendation 15

The BFI continues to keep shared services under review, to identify whether in-house delivery on areas such as legal services, audit, and IT continues to offer the greatest value for money compared to other options, including the central government Next Generation Shared Services Strategy (NGSS)<sup>27</sup> offer.

## BFI Estate

3.38 The BFI has five sites, which are all leasehold, as set out in the table below.

### The BFI Estate

Site	Function	Post Code	Annual Cost £'m	Lease Hold Value £'m
Berkamsted	Conservation Centre	HP4 3TP	(1.3)	n/a
Gaydon	Master Film Store	CV35 0BQ	(0.6)	n/a
Southbank	Exhibition Venue	SE1 8XT	(1.2)	11
IMAX	Exhibition Venue	SE1 8XT	(0.6)	17
Stephen Street	Head Office	W1T 2LN	(1.9)	n/a

Notes: Southbank and IMAX are Net Book Values @ 31 March 2013 (modified historical cost). The annual costs include running costs such as utilities, security and rates.

<sup>25</sup> A cross government initiative led by the Cabinet Office's Efficiency and Reform Group:  
<https://www.gov.uk/government/organisations/efficiency-and-reform-group>

<sup>26</sup>  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/318937/Big\\_Lottery\\_Fund\\_triennial\\_review\\_main\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/318937/Big_Lottery_Fund_triennial_review_main_report.pdf)

<sup>27</sup> <https://www.gov.uk/government/news/next-generation-shared-services-to-save-millions-for-taxpayers>



- 3.39 BFI Southbank site is comprised of three screens, the BFI Reuben Library, Mediatheque, Shop, a cafe, restaurant and bar and a space that is available for corporate hire. BFI Southbank offers varied and eclectic programmes of film and television screenings, events, talks and exhibitions and attracted 293,000 attendances, to 3,017 screenings and events in 2012/13. The BFI Southbank Adult Community programmes provide access to high quality film education opportunities for many different communities across London. The Southbank Education Programme reaches around 45,000 a year, the majority of whom attend one-off or introductory learning experiences at BFI Southbank. BFI has a contract letting out the IMAX to Odeon.
- 3.40 The BFI Trust, an independent charity set up to achieve a number of objectives including supporting the work of the BFI, is the freeholder of three properties operated by the BFI: Berkhamsted (Conservation Store); Gaydon (Master Film Store); and Stephen Street (Head Office). The properties were donated before 1980 by a number of benefactors. The properties are operated by BFI under normal commercial leases and the leases range between seven and 27 years. For each of these sites BFI pays rent quarterly. Total annual rent is £1.5 million per annum for all three properties. The BFI makes regular formal archive requests to BFI Trust to support its activities. Over the last three years, grants received from BFI Trust have averaged £1.7 million per annum.
- 3.41 The total acreage of the BFI estate across its five sites is 34.3 acres. The BFI is currently considering consolidation options. This work should be aligned with the Business Development Strategy.

### **Finding**

The IMAX deal with a commercial partner and the IMAX wrap (a flexible advertising hoarding around the IMAX) generates significant income. The BFI also entered a competitive partnership with a commercial partner for the Stephen Street office development.

### **Recommendation 16**

The BFI conducts a full commercial options analysis for their estates plan, including consideration of locations beside Southbank, opportunities for new commercial partnerships, and includes the strategy on estate within the Business Development Strategy.

# Chapter 4 – Improving the effectiveness of the British Film Institute for the future

4.1 The BFI and DCMS agreed a number of measures of success and key performance indicators for 2012-17, which are set out in the Management Agreement<sup>28</sup>. The measures of success are a positive trend during the period of Film Forever, 2012-17, in the following:

- The total size of UK audiences, measured by the number of views of feature films across all platforms in the UK;
- The market share of British independent films;
- The value of inward investments and exports;
- The UK film industry contribution to GDP;
- Major domestic and international awards won by British films and UK talent;
- The diversity of UK audiences and the UK film workforce, in terms of ethnicity, gender, geography, and disability; and
- The percentage of the UK population that values film as part of their cultural life.

4.2 The key performance indicators are that by 2017 the BFI will have:

- Ensured that a new education offer for 5-19 year olds is available to every school and that 25% of all young people across the UK are actively engaged in making, watching and understanding a wide range of film;
- Increased the size, diversity, and geographic spread of audiences viewing British independent and specialised film;
- Funded a range of British films and British talent which will have won major domestic and international awards;
- Supported an increase in the diversity of talent, in terms of ethnicity, gender, geography and disability;
- Helped increase the total level of inward investment and of exports, by generating new business from emerging target markets;
- Increased by 25% the number of visits and reach to BFI content digitally;
- Digitised and made available to the public 10,000 significant heritage titles and increased the number of views of archive materials;
- Ensured that 80% of key partners including the industry consider the BFI as either effective or very effective as the lead public body for film policy;

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<sup>28</sup> <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-department-for-culture-media-and-sport-and-british-film-institute-2012-2015-management-agreement-2013-02.pdf>

- Increased, year-on-year, the total amount of philanthropic and charitable income to the BFI.

4.3 The BFI's performance against these measures is discussed at their regular meetings with the DCMS sponsorship team.

### **BFI National Archive – Access to content**

4.4 The BFI National Archive is one of around 30 designated National Collections in the UK which are held on behalf of the Nation and are funded directly by Government. Other national collections include the British Museum, the British Library, and The National Archives. The Archive preserves cinema history to inspire future generations. A function of any national cultural archive is to allow access to the collections.

4.5 The BFI measures access using the following key performance indicators. Figures are from 2013/14:

**BFI Access Table 2013/14**

<b>Key Performance Indicator</b>	<b>Number</b>
UK Cinema Admissions	535,000
UK Film Club/ Special Screenings	350,000
Overseas Admissions	260,000
DVD Units sold	285,000
TV	2 million
<b>Online</b>	<b>Views/Downloads</b>
BFI Player	164,000
Screenonline	1.3 million
YouTube	2.3 million
Mediateque (London Manchester, Glasgow, Birmingham, Derby, Cambridge, Newcastle, Wrexham, Bradford)	40,600

4.6 The BFI has made efforts to increase access to the Archive's content as well as to deliver commercial income from the contents of the Archive. The BFI is the only national archive with a major DVD label and the first to create a Video on Demand (VOD) platform through the BFI Player (currently the only other national film archive with a VOD platform is Filmoteca Española, Madrid). In addition, the Collections Information Database is available on the BFI website, enabling researchers, other archives, and the public to search the collection. Further information on the access levels of the BFI National Archive compared to other national film archives are at Annex I.

## Ownership

- 4.7 The BFI does not own the majority of the rights to the material that is preserved, with around 1% being owned by the BFI. This limits the ability of the BFI to leverage the Archive and raise commercial income. Every rights clearance, and licence negotiation, is a commercial transaction. When the BFI considers whether to acquire rights to a film they take into consideration the estimated income value of the film, what they will pay, and how many platform and/or territories they plan to exploit.

## Digitisation

- 4.8 A key part of increasing access is to digitise the content included in the Archive. The Unlocking Film Heritage (UFH) programme will digitise 5,000 titles from the BFI National Archive and 5,000 from other national and regional archives between 2014 and 2018. This will enable access to key British works for cinema presentation and a significant body of authored non-fiction and social-historical record.
- 4.9 There are three funding phases during the programme. At each funding phase, rights-holders and national and regional archives will be able to apply online for grants to digitise titles under UFH themes. Grant applications will need to meet the required criteria published in the funding guidelines to be accepted. Applications are then reviewed based on assessment reports by a BFI assessment panel that may consult strategic partners and independent specialists. Funding decisions are approved by the UFH programme management group.
- 4.10 A Digitisation Fund was established in December 2013 to fund the digitisation of titles in other archives, and the first awards were made in March 2014.

Digitisation Budget	£m (2014 – 2017)
BFI National Archive	2
Rights-holders	2
National and Regional Archives	3

Note: Budget shown above is exclusive of staffing and refers solely to external digitisation of titles by suppliers.

## Restoration

- 4.11 The BFI curators and conservators oversee the restoration of around 20 titles each year. The restoration programme enables the BFI to reach extensive audiences in the UK and overseas at screenings, and also through releases on DVD/BluRay, online, and on television. The BFI has a number of criteria that they use when determining priority titles for restoration. These include, but are not limited to:

- Films where a substantial improvement can be made to the picture;
- Topicality of films;

- Films that can be used as part of cultural diplomacy/exchange in high profile international screenings; and
- Projects that will encourage financial support from charitable foundations and individual donors.

4.12 The BFI has used its Archive to increase UK cultural influence internationally, for example through the exhibition of the 9 surviving silent Hitchcock feature films.

#### **Case Study: The Genius of Hitchcock**

This major project saw the restoration of the nine surviving silent feature films made by Britain's greatest filmmaker, Alfred Hitchcock, and a series of initiatives to introduce audiences across the world to these films. The restorations were a core component of the London 2012 Cultural Olympiad. Highlights included the screening of *Blackmail* outside the British Museum and *The Lodger* at the Barbican Hall. The screenings of Hitchcock's *The Ring* and *Champagne* were also broadcast live online to audiences across the UK. The Development team raised around £1.2 million to support the restoration programme.

The restorations have subsequently played in 30 countries to a worldwide cinema audience of more than 150,000 people. They have played a key role in developing international relations, especially with China and Brazil. The restorations premiered in China at the 2013 Shanghai International Film Festival, playing to capacity audiences in 800 to 1000-seat venues. The restoration of *Blackmail* was the inaugural screening of the new Shanghai Film Museum. The screenings attracted extensive TV and press coverage across China and helped to facilitate a major programme of cultural exchange between the UK and China including a UK-wide retrospective of Chinese cinema in 2014; meetings that enabled the BFI to bring Chinese filmmaker Feng Xiaogang to the UK, and to recruit him as a cultural ambassador for the BFI in China. This also supported the negotiations on the film co-production treaty between the UK and China, which the BFI led on behalf of the UK Government, with support from the UKTI office in Beijing.

4.13 The Archive preserves cinema history to inspire future generations. Access to the Archive supports: inspiration of filmmakers; academic research and commercial researchers seeking materials for new productions.

#### **Case study: Martin Scorsese at the BFI**

In 2011 director Martin Scorsese brought his production design and camera teams for the film *Hugo* to watch a specially curated programme of films from the Archive. This programme and the subsequent discussion focused on the complex use of colour in early cinema (a key restoration and research priority for the BFI). The presentation given by the BFI played a key role in shaping the design and look of *Hugo*, helping Scorsese and his team to recreate a range of colour effects authentically.

4.14 Securing the commercial benefit from the BFI's Archive does come with challenges, as can be seen through the Epic of Everest case study, below. The BFI is looking at using a variety of different platforms (such as cinema, the BFI London Film Festival, and the BFI Player) to help generate income.

### **Case study: The Epic of Everest**

In 2011 the BFI began the restoration of *The Epic of Everest*, which is held in the Archive. This was a resource intensive project which took 18 months to complete, including the research phase and the recording of a specially commissioned soundtrack. It is the official film record of the third attempt to climb Everest in 1924. The film is of historical significance as it is amongst the earliest filmed records of Tibetan life. The restoration aimed to transform the picture quality using new restoration techniques, and introduce it to new audiences. The international nature of the film also made it ideal for screening to audiences across the globe.

*The Epic of Everest* premiered at the 2013 BFI London Film Festival. The film was released simultaneously in cinemas across the UK and on the BFI Player. The film was released on BFI DVD and BluRay in January 2014 and proved to be the fastest-selling DVD of a British silent film to date.

The estimated cost of the restoration was £115,000, which was fundraised. The box office income was £33,205 and the revenue from DVD sales was £32,350 in March 2014. It is difficult to calculate the commercial value of *The Epic of Everest*, as DVD sales will continue, but this example demonstrates that even where a restored film may be expected to generate good sales, generating a profit from this kind of restoration is a challenge.

### **Value of the Archive**

4.15 The BFI has sought to maximise revenue from the Archive, including through DVD sales and the digitisation of content. However, the value of the Archive is currently unclear. Despite the Archive holding a large repository of material, the fact that the BFI does not own most of the rights to the content, the limited size of audiences for much of the material, and the cost of digitisation make the value uncertain.

4.16 The Archive has a significant cultural value. It is one of the most regularly accessed film archives in the world, and used by to assist in the development and promotion of projects that support the creative industries of the UK.

### **BFI Player**

4.17 Growing and developing the overall audience for film throughout the UK, across all platforms, remains an important policy objective in the digital era. One way the BFI has sought to deliver additional revenue is through the development of the BFI Player, a standalone Video On Demand (VOD) platform, launched in October 2013. The 10,000 films that will be digitised as part of the Unlocking Film Heritage programme will be made available on the BFI Player. As well as archive material, the BFI Player also offers contemporary independent films. This provides greater access to independent films to audiences outside London.

4.18 The initial launch of the BFI Player was a soft launch during the BFI London Film Festival in October 2013 targeted at BFI members, to test the concept and ensure the BFI Player was operational. Since then, the BFI has marketed it more widely to

increase exposure. Future plans include deals with other platforms and marketing the BFI Player abroad, particularly to China and the USA.

4.19 The BFI Player is relatively new and so has a limited track record. However comparing the first three months of data (October - December 2013) with the most recent three months of data (April - June 2014) show that visits are up 74%.<sup>29</sup> Nearly 80% of visits in March 2014 were from outside London and South East of the UK. Further assessment will be required.

4.20 The value of the BFI Player will be developed over time in accordance with the BFI's business model. The BFI will expand access and test different pricing to maximise revenues, including a Subscription Video-On-Demand (SVOD) service. Projected costs, including staffing and marketing, are structured to meet business model requirements, including the development of new VOD services, and promotional campaigns in international markets. The success of the BFI Player will be monitored and further opportunities to expand its reach, including through partnerships, will be considered where appropriate.

#### **Recommendation 17**

The BFI takes the Digital Strategy into account in the new Business Development Strategy, and continues to focus, where justified on a commercial return basis, on securing agreements for the BFI Player with other platforms, and on entering international markets.

#### **Recommendation 18**

The BFI provides annual updates to DCMS on whether the BFI Player remains the optimal delivery mechanism for their digital content, delivering value for money from both a commercial performance and cultural value point of view.

## **BFI London Film Festival**

### **Context**

4.21 The BFI London Film Festival is held each year and provides an opportunity to showcase both British and international film. The Festival is currently subsidised by around £1.9 million a year. This includes the ticket sale incomes generated as well as the sponsorship and Grants (including essential donated services) raised directly for the Festivals. The costs include the direct costs of the Festivals, such as venue hire and staffing. The analysis also includes support staff that are allocated against the Festival activities, such as Human Resources (HR) for recruitment, Finance for processing and management, as well as the sponsorship team. The Southbank Venue cost is an apportionment of the facilities cost. The Festival cost breakdown for 2013/14 is shown below. This reflects BFI costs and

<sup>29</sup> Data provided by the BFI to DCMS

excludes the costs of distributor/studios who also invest into the London Film Festival. Their investment is estimated at around £3 million.

### BFI London Film Festival Budget

Income and Expenditure	£m
Ticket income	1.4
Grants and sponsorship	2.3
Total income	<b>3.7</b>
Operating staff	(0.6)
Venue hire (external)	(0.8)
Programme staging and logistics	(1.1)
Invited guests- travel, accommodation and expenses	(0.3)
Awards	(0.2)
Direct marketing	(1.3)
Total expenditure	<b>4.4</b>
<b>Direct net costs</b>	<b>(0.7)</b>
Sponsorship team costs*	(0.5)
Southbank venue*	(0.1)
Central support (finance HR etc)*	(0.5)
<b>Net cost</b>	<b>(1.9)</b>

\* Apportionments

### Wider economic benefits

4.22 The BFI London Film Festival (LFF) delivers a wider economic benefit to the economy, which has not been independently assessed to date. However, the BFI has identified a number of wider benefits from the Festival including that it:

- Reinforces the international profile of the British Film Industry;
- Develops year round audiences and ticket sales for British and international, independent and specialised films;
- Provides exposure for new films that allows them to be picked up for distribution;
- Generates additional income from tourism; and
- Drives membership of the BFI.

4.23 The Festival's Industry Programme includes screenings and press conferences for accredited industry (approximately 1000) and media professionals (approximately 1000), and meeting services for almost 100 visiting international sales agents and UK distributors. Partnerships include the Production and Finance Market with Film London. In 2013 the production value of projects at the market was almost €225 million, and 25% of participants estimated that they had done business of between \$200,000 and \$2m.



## Changes since 2010

- 4.24 Since 2010, following the appointment of a new Head of Cinemas and Festivals, the Festival has undergone significant changes to increase its impact, reduce cost and improve access. This has included:
- Increasing the number of cinemas which participate, including screens in Greater London;
  - Showing films outside London at the same time as they premiere in London;
  - Reducing the length of the Festival;
  - Increasing the number of tickets sold; in 2013, tickets sales increased from 150,000 to 180,000.
- 4.25 Over the last three years, the Festival has achieved substantial growth in attendances (to 147,000, 11% increase since 2010) and box office (£1.2 million in 2013, a rise of 42% since 2010). This growth has enhanced the sponsorship value of the Festival. American Express signed a new three-year deal in 2013 as Principal Sponsor, Accenture signed a three-year deal in 2013, and in 2014 a new three-year sponsorship deal has been agreed with IWC, the luxury watch manufacturer. The changes made to the Festival since 2010 have delivered strong results. A potential risk to holding the Festival in the future is the expected closure of the Odeon West End in Leicester Square. It will be necessary for the BFI to consider how to ensure a successful delivery of the Festival using alternative venues.
- 4.26 The Review team considered the funding models of other international film festivals, including Cannes, Toronto, Berlin, and Sydney. The Review noted that every festival varied significantly. Toronto, for example, has more of a film market focus than a cultural focus, and Cannes is an industry-focused festival, with no tickets available to members of the public. All of the top-tier festivals (Cannes, Venice, Toronto, Berlin, and Sundance) have significant income from marketplace activity where revenue is generated by high cost industry accreditation (ranging from €300 to \$3500 per individual) and physical market stands. The BFI is reviewing its Industry Programme, but is unable to increase prices for industry accreditation above the current level (£110-174 per individual) without further significant investment in the Industry Programme.
- 4.27 The Review team noted that all of the international film festivals had a proportion of Government subsidy in their funding package. Cannes, for example, receives €18.5m. The Review concluded that there is further scope for the BFI to explore how to operate with a reduced level of Government support to ensure the Festival's long-term sustainability.

### Finding

The BFI London Film Festival reinforces the international profile of the UK film industry, and delivers a number of wider economic benefits. The BFI has worked to increase attendance, reduce costs and exploit commercial sponsorship opportunities. While most film festivals receive some Government support, there is further scope for the BFI to explore how to operate with a reduced level of subsidy to ensure the Festival's long-term sustainability.

### **Recommendation 19**

The BFI conducts a cost benefit analysis of the BFI London Film Festival, setting out options for increasing sponsorship levels and for a new commercial model of delivery, including significantly decreasing the level of on-going governmental support, and adapting it to a greater 'trade market' focus. The BFI commissions the required analysis by August 2014, to be considered by the BFI Board before reporting findings to DCMS by February 2015.

### **Other income**

#### **Lottery**

4.28 The BFI Film Fund aims to support the British independent film industry by supporting and developing talented film makers acting as an incubator for new talent and supporting diversity in the film sector. In addition, the BFI has put in place a number of mechanisms to recycle the benefits from successful films funded through the Film Fund. This includes:

- **Locked box** – The BFI support the principle that producers, writers and directors should participate in and benefit from a share of recouped BFI investment revenues allocated to a 'Locked Box' to be held by the BFI and available to them to invest in their own future film-making activities.
- **Joint Venture** – The BFI is launching a scheme designed to encourage UK distributors and producers to form strategic partnerships from the initial stages of financing a film. The Film Fund Joint Venture Scheme allows a producer to invest part of a Lottery production award from the Film Fund as its contribution of up to 50% of the UK distribution minimum guarantee for the film in question. In return for sharing the distribution risk, the distributor would allow a 50% share of its net revenues to be held in a Locked Box by the BFI for reinvestment by the producer in its future filmmaking activity.

4.29 The aim of these schemes is to develop a more sustainable industry that can use the benefits of previous successes to fund future films. This should be more effective than having to re-apply for funding for each individual film, as well as reducing the cost to the BFI of administering the funds.

4.30 The BFI Producer Corridor (an initiative whereby a percentage of BFI's recoupment income is returned to the producer awardee) has been payable into a Locked Box since 1<sup>st</sup> April 2010. On 1<sup>st</sup> April 2013 the Locked Box arrangements were expanded to include both the Producer Equity Entitlement and BFI recycled development recoupment. Since the commencement of the Locked Box arrangements, an aggregate sum of £1million has been received for the benefit of a total of sixteen individual producer awardees.

- 4.31 The Film Fund Joint Venture Scheme has been available since 1<sup>st</sup> April 2014 and to date no Joint Venture awards have been made. The BFI should continue to review these mechanisms and report publicly on their effectiveness in developing a sustainable industry.

### **Recommendation 20**

The BFI shares its evaluation of the effectiveness of the Locked Box and Joint Venture with DCMS and with the wider public.

### **Cinemas and DVDs**

- 4.32 The BFI distributes its cultural programmes across as many platforms as possible seeking maximum reach across the UK on TV, DVD, Cinemas and online. The BFI aims to secure maximum revenues from these access activities. The running of the IMAX was outsourced to Odeon in July 2012 and it now generates income of £1.9m in 2014-15.
- 4.33 The BFI is the only film and television archive to have its own DVD label. 60% of the titles are films that the BFI has restored, and key collections it holds. Against the industry standard baseline which predicts a minimum 10 people see every DVD sold, the BFI is reaching audiences of over 2 million through DVD sales. The BFI is now developing Video On Demand options to increase audience and revenue generation, including through a BFI YouTube Channel, and the BFI Player.

### **Philanthropy**

- 4.34 The BFI held its inaugural fundraising 'LUMINOUS' gala on 2 October 2013 to celebrate British film and film talent, and to raise vital funds to preserve and digitise the UK's National Collection of film and TV for future generations, a place where the current British film industry's own work will be safeguarded in years to come.
- 4.35 The BFI has also developed a 'membership refresh' strategy. While recent years have focused on encouraging gift aid on ticket sales and doubling the number of patrons, the BFI's new focus is on driving up core membership, which the BFI considers critical to their business model. The focus of work is on creating a new membership offer to attract and retain members - an important aspect of BFI's "Ladder of Giving" philosophy, through which it is hoped existing members will turn into committed supporters. Membership fees have increased from £35 to £38 in recent years, with a headline price of £45. The refresh work is being led by the BFI's Director of Marketing and Communications.
- 4.36 The BFI has also engaged in a series of initiatives to increase support from patrons and philanthropists, *The Magnificent 700* scheme, where BFI cinema seats are named after supporters. The *Film Forever Club* helps deepen

philanthropic engagement through three-year commitments to specific BFI projects.

4.37 Fundraised income increased in the last five years, going from £2.1million in 2009/10 to £3.3 million in the last financial year 2013/14.

#### **BFI Fundraising figures for 2013/14 (£m)**

Donations	0.7
Sponsorship	0.9
Grants	0.1
Ticket sales	0.4
Essential Donated Services	1.1
<b>Total</b>	<b>3.3</b>

4.38 In the last financial year, BFI had strong growth in individual giving, with income from individuals increasing by just under 75% on the previous financial year - from £530,000 to £926,000. These figures include contributions received from the BFI's LUMINOUS fundraising gala.

#### **Case study: The BFI Reuben Library**

With significant financial support from the Rueben Foundation as Principal Benefactors, the BFI Library at Southbank underwent an overhaul, reopening in June 2012.

The modernisation project provides greater access, free entry, longer weekday opening hours as well as access to newly digitised resources. 30% more of the BFI's collection has also been made available. The programme has contributed to visitor numbers quadrupling; since opening, numbers have increased steadily to approximately 300 a day, surpassing an earlier business case target of 100 visitors a day.

#### **Education and Skills**

4.39 When assessing the contribution the BFI made to education and skills, the Review team considered the Film Policy Reviews of 2012 and 2014. The Film Policy Review 2012<sup>30</sup> supported the idea that education and learning have a key role to play in developing the next generation of audiences and filmmakers. The Film Review 2014<sup>31</sup> reported that recent feedback had reinforced calls to support young people from a diverse range of backgrounds build careers in film and the creative industries more generally. To achieve this, there needs to be a strong dialogue

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/120624/DCMS\\_film\\_policy\\_review\\_report-2012\\_update.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/120624/DCMS_film_policy_review_report-2012_update.pdf)

<sup>31</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/274265/1316-A\\_Film\\_Policy\\_Doc\\_ACCESSIBLE.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/274265/1316-A_Film_Policy_Doc_ACCESSIBLE.pdf)

between the BFI, Creative Skillset, Creative England, Film Nation UK (FNUK ) and other key players across film education and skills, to ensure opportunities are well-defined and consistent. The BFI published an Education Strategy<sup>32</sup> in 2014, setting out the value of film education and the roles of the BFI and its partners.

## Film Education

4.40 In April 2013, following a BFI-led tendering process, a new organisation for film education, Film Nation UK was established to encourage young people aged 5–19 across the UK to learn through and about film, providing them with a wide range of activities to encourage watching, understanding and making film. FNUK became 'Into Film' in 2014.

4.41 Into Film is a strategic partner funded by BFI-distributed Lottery money, and is supported by over 100 industry partners from national, regional and grassroots organisations, including LOVEFiLM, Pearson, the National Union of Teachers and the National Schools Partnership. Into Film came about from the merger of First Light and FILMCLUB, a move which was endorsed by the Film Review 2014 in terms of efficiency.

## BFI Film Academy (DfE)

4.42 The BFI Film Academy was initiated in response to the Henley Review of Cultural Education in England<sup>33</sup> and the BFI's Film Forever strategy, which set out the need to continue the "flow of home grown talent through our education system into [the film industry], as it continues to grow in importance within Britain's creative and cultural industries".

4.43 The BFI Film Academy had two main components: a regional programme of 24 courses delivered by partners across England, reaching around 420 participants between February and March 2013; a residential programme for 54 participants that took place intensively over two weeks in April 2013, which was managed by the National Film and Television School (NFTS). The Department for Education (DfE) has committed £1million per annum funding from April 2012 until 31 March 2015 for the delivery of the BFI Film Academy in England.

4.44 The BFI committed a further £500,000 in Lottery funds to extend the scheme to the rest of the UK in the second year, with Creative Scotland and Northern Ireland Screen both contributing financial support to Film Academy. BFI Film Academy courses are now delivered at 43 locations across the UK. In its second year the BFI Film Academy provided over 900 places on its courses.

4.45 The Department for Education (DfE) commissioned an evaluation of the BFI Film Academy from BOP Consulting, which reported to the DfE in August 2013 (the report was not published). It found that course managers, teachers, and

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<sup>32</sup> <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-film-education-strategy-impact-relevance-and-excellence-2014-03.pdf>

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/260726/Cultural\\_Education\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/260726/Cultural_Education_report.pdf)

participants reported that they have gained significant benefits (in terms of new skills, attitudinal benefits and motivation) though a longer-term impact assessment will be required. This will come from the longer-term tracking element of the evaluation which will be used to see what difference the programme makes for young people's futures.

4.46 The Review team received feedback from one of the BFI's key stakeholders that:

*"To date the calibre of the young people recruited to the BFI Youth Film Academy, and the quality of their work, has been very high."*

## Skills

4.47 The BFI works in partnership with Creative Skillset to ensure development of skills for the UK film industry. Creative Skillset are the UK-wide strategic skills body that works with employers, individuals, trade associations, unions, learning and training providers, Government and its public agencies and other key organisations to ensure that the UK's Creative Industries have continued access to the skills and talent they require.

4.48 Creative Skillset support skills and training for people and businesses by influencing and shaping policy, ensuring quality and by securing the vital investment for individuals to become the best in their field and for businesses to grow. They inform and influence the development of qualifications for the competitive benefit of the creative industries, for example through schemes like Tick accreditation courses, available across educational establishments, from diplomas to degrees and for industry apprenticeships.

4.49 The BFI is the primary funder of Creative Skillset's work in film, investing £4 million per year into the UK's film skills strategy from 2013 – 2017, as well as a one-off injection of £5 million capital funding to support the UK's world-class film schools.

4.50 The BFI NET.WORK is a UK-wide talent development programme, helping new and emerging filmmakers. The BFI NET.WORK was set up to connect the UK's film agencies for the first time, bringing together experienced development teams and talent centres to offer hands-on development opportunities for promising UK writers, directors and producers who are yet to make their first feature film. The NET.WORK partners are Creative England, Ffilm Cymru Wales, Northern Ireland Screen and Creative Scotland. Film London will also deliver a number of targeted development programmes.

## Diversity

4.51 The BFI recognises that there is more work to do to promote diversity in the creative arts and is looking to support people from a wider range of backgrounds to participate in the film industry. The BFI's immediate commitments<sup>34</sup> are:

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<sup>34</sup> Further details of the BFI's commitment to Diversity can be found at <http://www.bfi.org.uk/about-bfi/policy-strategy/diversity>

- To put diversity at the heart of decision-making;
- To build support for diversity throughout the film industry; and
- To invest in key areas to help make change happen.

4.52 In July 2014, The BFI announced its 'three ticks' approach, ensuring new requirements to reflect and represent the diversity of the UK in Lottery-funded film productions are implemented. The approach, backed by the UK producers association PACT and ethnic minority recruitment and training charity Creative Access, will be implemented for all productions supported through the BFI Film Fund from 1 September 2014, and will be rolled out across all BFI Lottery funding for film by July 2015. The BFI is recruiting a Diversity Expert to support the implementation of the new guidelines.

4.53 Minister for Culture, Communications and Creative Industries, Ed Vaizey MP made the following comment once the BFI 'three ticks' strategy was announced:

*"This initiative from the BFI should help raise the bar and ensure BFI Lottery funded film productions reflect diversity both in front and behind the camera. I want to continue to see the TV, film and the performing arts industries actively discussing how they can drive change and improve diversity right across these sectors. I hope others will follow the BFI in developing and implementing possible solutions."*

4.54 The Review team received positive feedback from a key stakeholder on their approach:

*"The BFI has made a good start, through Film Forever, and clearly encourages people from different backgrounds to access its funds and services."*

4.55 A stakeholder at Creative Skillset commented:

*"If the BFI are not experts, for example in the area of diversity, they can be concerned about taking on a leadership role. However, the BFI are well placed as the lead body for film to lead the conversation, corral the film industry, show leadership, and bring partners together, delivering efficiencies. The BFI should look at film and TV crossover, as the workforce is very mobile in both production and creative talent. For example, the BBC recently published a diversity outline, including a ring-fenced commissioning fund and an executive development scheme."*

4.56 The positive views relating to the BFI's leadership on diversity issues was reflected in the stakeholder survey results; a large number of respondents agreed that the BFI targeted its services on several under-represented groups<sup>35</sup>.

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<sup>35</sup> See Annex A, figure A9, for further details.

### **Recommendation 21**

The BFI embraces its leadership role on diversity, and joins up with diversity initiatives in the broader creative industries, including TV.

### **Recommendation 22**

The BFI continues with its plans to extend the 'three ticks' approach recently announced for the Film Fund to all other areas of activity, including Lottery funding.

## **Engagement with partners**

4.57 The Film Policy Review (2012) recommended that the BFI explicitly recognise that a key goal of public policy for film should be to connect the widest possible range of audiences throughout the UK with the broadest and richest range of British films and films from around the world. This will help to increase the overall demand for and engagement with film in the UK and benefit both audiences and every part of the UK film sector.

4.58 The Government welcomed this recommendation<sup>36</sup> and the fact that audience engagement was the key principle behind the report. The BFI relies on its partners in the industry, particularly distribution and exhibition bodies, the regions and devolved administrations to increase film audience numbers as much as possible.

4.59 Feedback as part of the review found an overall positive appreciation of the engagement undertaken by the BFI with key partners. This was also supported through the findings of working group meetings with industry contacts, organised as part of the wider stakeholder engagement strategy for this review.

4.60 A stakeholder in the Scottish Executive commented that:

*"The BFI is more active in its work across regions and the nations than prior to their extended role"*

4.61 Another Scottish partner supported this view, saying:

*"The BFI has made a real effort to build relationships with partners in Scotland, and we are confident that the partnerships programmes that have been set up will deliver."*

4.62 While a stakeholder at Northern Ireland Screen noted:

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/77462/A\\_Future\\_for\\_British\\_Film\\_Cm\\_8355.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/77462/A_Future_for_British_Film_Cm_8355.pdf)



*“Northern Ireland is more integrated into the activities of the BFI than was previously the case during the period when there was both the UK Film Council and the BFI, and sees more value from BFI activities.”*

4.63 More generally, a film producer contacted as part of this Review said:

*“The BFI has improved its reach to the regions and has a very healthy relationship with wider film industry.”*

### **The BFI Film Audience Network**

4.64 The BFI Film Audience Network launched in 2013, and is a major initiative developed by the BFI to enable film and events experts to work in partnership to boost film audiences across the UK, particularly in the areas of specialised and independent British film.

4.65 The Network is made up of nine Film Hubs which cover the whole of the UK. Each Film Hub is led by a Film Hub Lead Organisation that will receive funding from the BFI to deliver extensive programming, audience development activity and support sector training in their region. The Film Hubs will also work together to share initiatives and see if their aims can be furthered through collaboration.

### **Finding**

The BFI has developed a model of delivery through partners and networks, and has demonstrated a strong commitment to effective engagement with those partners, for example during development of the Film Forever Strategy. The BFI has delivered efficiencies in this area, for example through the creation of a single organisation, Into Film, to deliver film education in schools (by merging First Light and FilmClub).

### **Recommendation 23**

The BFI focuses on strengthening engagement between all strategic partners, supporting effective, more efficient connections between them. The Review team endorse the Film Policy Review 2014 finding that:

*“As it matures in its role as lead agency for film in the UK, we would encourage it to find an optimum balance between providing strong industry leadership and truly collaborative partnership working that allows partners the necessary licence to deliver against their remit. The Panel encourages the BFI to consider its strategic role as facilitator of industry-led collaboration and partnership to be equally as significant as its operational role as an investor of Lottery awards.”*

### **Recommendation 24**

The BFI evaluates the impact of partnership programmes and considers whether there are any opportunities for streamlining arrangements ahead of the next Spending Round.

## International strategy

4.66 The BFI released their International Strategy<sup>37</sup> in 2013, to complement Film Forever. The strategy is underpinned by £1.5 million of Lottery funding to help drive UK economic growth and enhance the global reputation of UK film. Through consultation with partners, the BFI identified 5 key areas for international engagement that best support the UK film economy: audio-visual policy; co-production; cultural exchange; export; inward investment; and skills. Dedicated research also identified priority territories for export, co-production and cultural exchange as China, Brazil and the US.

## Inward investment

4.67 The BFI funds, and works in partnership with, the British Film Commission (BFC), and film agencies across the UK to deliver economic growth through inward investment. The US is by far the most significant inward investment client for UK production and is worth over £1bn a year. The BFI's objective is to increase this volume year on year. The BFI has agreed with the BFC that they should deliver an overall positive trend in the value of inward investment, with a final target figure for the year 2017 of £1bn. In addition, the BFI will monitor inward investment production volume on an annual basis, setting an indicative figure of £700 million for 2014, £800 million for 2015 and £900 million for 2016.

4.68 The BFI International Fund has committed £200k per annum to support the BFC to attract film inward investment from the US. This is in addition to £400,000 Grant-in-Aid funding from the BFI, and £200k from UKTI to help it attract High End TV inward investment and film inward investment from emerging markets and a further £100,000 to attract inward investment from animation.

4.69 The BFI has also recently commissioned research to help identify the inward investment opportunities for high-end TV, animation and video games across a range of international territories. This will also help inform the BFC's future focus and remit and help maximise the opportunities presented by the new tax reliefs.

4.70 The BFC commented favourably on the BFI's efforts to work in partnership and offer quality advice on how to secure tax relief:

*"The team at BFI dealing with consultations on tax relief have been extremely helpful in relationship building."*

4.71 At an international roundtable event held as part of this Review's consultation phase, participants commented favourably on the UK's GREAT campaign, noting its strength as a brand which the BFI may want to associate itself with when implementing its International Strategy.

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<sup>37</sup> <http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/bfi-press-release-international-strategy-launch-2013-10-15.pdf>

## Exports: Co-production

4.72 The BFI led a successful cultural exchange programme with China, which supported the successful negotiation of a co-production treaty (further details are given in the case study below).

4.73 One film production company stakeholder endorsed the BFI's international work, commenting:

*"I do feel that the BFI is the right partner to lead export activity in the UK in an industry-led manner."*

4.74 The Review team received consistent positive feedback from partners on the capability of the BFI's International Team, and their leadership role in this area, but it was noted that the resourcing level applied to this area was very limited, at less than 3 FTE.

### Case study: Co-production treaty with China

The UK Government signed a co-production treaty with China on 23 April 2014. The treaty, which was negotiated for the UK by the BFI with support from UK Trade & Investment in Beijing and DCMS, will allow qualifying co-productions to access national benefits including sources of finance and an easier passage to audiences. In the UK this includes the Film Tax Relief and the BFI Film Fund. In addition, eligible co-productions will not be subject to China's quota on foreign films, which only permits a limited number of non-domestic titles to be shown in Chinese cinemas each year.

China's film entertainment sector (including cinema, Video on Demand and DVD) was estimated to be worth US\$3.26 billion in 2012. Films made as China/UK co-productions will be able to access the second highest box office audience in the world, worth US\$2.7 billion and forecast to grow to US\$5.5 billion by 2017. The new treaty will open the door for UK filmmakers to collaborate with Chinese counterparts and contribute to each other's success.

### Finding

The leadership role played by the BFI was strongly supported by their key partners, including UKTI (UK Trade and Investment) and the British Council. Partners thought that the BFI, as the lead body for UK film, was well placed to lead the strategy, and that their leadership created efficiencies in the engagement with other public bodies in this area.

### Recommendation 25

The BFI continues to focus its International Strategy on the commercial opportunities for inward investment, export of film and through co-production treaties, and extends its focus to include high-end television, animation and video games production.

### Recommendation 26

The BFI reviews its allocation of resources to international work to ensure that the staffing and funding levels are sufficient to deliver the strategy and ministerial priorities on inward investment and to grow exports.

# Chapter 5 – Corporate governance

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- 5.1 Good corporate governance is central to the effective operation of all public bodies. The BFI was asked to complete a self-assessment against the principles set out in the “Guidance on Principles of Good Corporate Governance in Executive NDPBs<sup>38</sup>” document. The BFI was asked to identify as part of the Review any areas of non-compliance with the principles and explain why an alternative approach has been adopted and how this approach contributes to good corporate governance – this is known as the “comply or explain” approach, the standard approach to corporate governance in the UK. The BFI provided comprehensive supporting documentation for the self-assessment, including policies available to the public on its website and internal documents where relevant to governance and accountability issues. The full assessment is at Annex H.

## **Accountability**

### **Statutory Accountability**

- 5.2 The Review found the BFI to be compliant in all of the required aspects of statutory accountability.

### **Ministerial Accountability**

- 5.3 The minister meets the BFI Chair and/or Chief Executive on a quarterly basis. The minister also commissioned an independent review of progress against the Film Policy Review recommendations which reported in January 2014. The minister holds regular meetings with the Chief Executive to review progress.
- 5.4 In line with the management agreement, the BFI annual report and accounts are laid in Parliament and made available on the BFI website. The BFI submits a draft to the DCMS in May/early June, with the final version being submitted for ministerial approval at least three weeks before the proposed publication date.

### **Accountability for Public Money**

- 5.5 The Review found the BFI to be compliant with most of the required governance arrangements around accountability for public money. It should be noted that money from Lottery ticket sales is not public money in the sense of money generated from taxation but describing it as “public money” does ensure it is subject to the same levels of accountability.
- 5.6 The BFI complies with all the relevant requirements including the Accounting Officer role and complying with Managing Public Money. The BFI has guidance for staff on financial issues including expenses, gifts and hospitality, and fraud

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<sup>38</sup> Annex D of the Triennial Review Guidance:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/332147/Triennial\\_Reviews\\_Guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332147/Triennial_Reviews_Guidance.pdf)

policies. The Annual Report and accounts for 2012-13 were published on 17 July 2013.

## Roles and responsibilities

### Role of the Board and Chair

5.7 The BFI Board is comprised of the Chair (Greg Dyke, appointed in March 2008, and re-appointed in 2012) and 14 other Governors. The Chair is appointed with the approval of the Secretary of State for Culture, Media and Sport. Together, the Chair and the Governors comprise the Governing Body. The Governing Body currently appoint new Governors when vacancies arise.

5.8 The current wording on appointments within the BFI Royal Charter is as follows:

*“The Chairman shall be appointed with the approval of the Secretary of State for Culture Media and Sport by the Film Council<sup>39</sup> (or any successor body to whom the functions thereof shall be devolved) (hereinafter called “the Film Council”) which shall determine the Chairman’s terms of appointment.*

*Governors shall be appointed by the Governing Body, provided that Governors in respect of whom re-appointment is to be considered shall not be entitled to vote either in respect of their own re-appointment or the appointment of any other Governor to be considered at that time. Any appointment of a Governor by the Governing Body shall be subject to ratification by the Film Council before such appointment shall become effective.”*

5.9 This does not comply with the Guidance on Principles of Good Corporate Governance in Executive NDPBs, which states that:

*“Appointments to the Board should be made in line with any statutory requirements and, where appropriate, with the Code of Practice issued by the Commissioner for Public Appointments. The minister will normally appoint the Chair and all non-executive Board members of the public body and be able to remove individuals whose performance or conduct is unsatisfactory.”*

5.10 The Review Team therefore concluded that the Royal Charter should be amended to give the Secretary of State power of appointment of the Chair and the non-executive Board members. The Review Team also noted that under Article 14 of the Royal Charter Members, Associate Members and Student Members have the right to put forward a list of individuals in order of preference which the Governing Body shall consider for appointment as a Governor, in a manner as determined by the Governing Body. No changes are proposed to this provision.

5.11 The Chief Executive and Director of Finance and Resources attend Board meetings but are not members of the Board. Other members of the Executive attend meetings as required to report on their area of responsibility. Decisions of the Board are recorded in the minutes of the meeting at which the decision was made. Unless a vote is requested by a Governor, a declaration by the Chairman

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<sup>39</sup> The Royal Charter has not been updated yet to reflect the closure of the UK Film Council.

at the meeting that a decision has been made (and subsequently entered into the minutes of the meeting) is conclusive. When a decision of the Board requires a vote, the outcome of the vote is determined by a simple majority of the Governors participating in the meeting. Each Governor has one vote. In the case of an equality of votes on any question the Chair has the casting vote.

- 5.12 A quorum of members is necessary before the Board can undertake any of its duties. Pursuant to the Royal Charter the quorum necessary for the transaction of business is five Governors unless otherwise determined by the Governing Body. The Board of Governors delegates specific responsibilities to its Committees. Recommendations made by Committees are presented to the Board as a whole for approval.
- 5.13 The Board members are all non-executives who reflect a balance of film industry knowledge and regional coverage. The Review witnessed that, as part of their role, the Board members provide effective independent and constructive challenge. Current members have expertise from a wide range of areas, including finance, law, corporate and business strategy, and entertainment. The Chief Executive attends Board meetings but is not a member of the Board. Other members of the senior executive attend meetings as required to report on their area of responsibility.
- 5.14 A number of stakeholders noted that it was helpful to have some joint Board members, for example BFI Governors Charles Cecil and Tim Richards are also on the Boards of Ukie and Creative Skillset respectively, providing expertise on Video Games and the broader creative industries.
- 5.15 Cabinet Office guidance on good corporate governance<sup>40</sup> recommends a majority of non-executive Board members come from the commercial private sector, with experience in running complex organisations. In the BFI's case, such expertise would not need to be limited to the creative sector.
- 5.16 Cabinet Office guidance states that further Board member appointments should be made with due regard for diversity, including gender balance. The current Board is 26% female. Improving diversity in public appointments is a ministerial and government priority aimed at achieving equal representation of women and men in public appointments and pro rata representation of ethnic minority groups and increased participation of disabled people. The BFI's Board does not currently meet this aim.
- 5.17 The day to day operations are managed by the BFI's Chief Executive Officer (Amanda Nevill, appointed in 2003) and the Senior Management Team. She has responsibility for the overall management and staffing of the BFI and for its procedures in financial and other matters, including conduct and discipline. She is also the BFI's Accounting Officer.

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220645/corporate\\_governance\\_good\\_practice\\_july2011.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf)

5.18 The Good Corporate Governance Guidance states that:

*“The minister should be consulted on the appointment of the Chief Executive and will normally approve the terms and conditions of employment.*

*Where the Chief Executive will also be Accounting Officer for the public body, the Principal Accounting Officer in the sponsor Department (usually the Permanent Secretary) should also be consulted.”*

5.19 The Review Team noted that the requirement to consult DCMS on the terms and conditions of employment was addressed in the Management Agreement. The DCMS sponsor team advised that the requirement for the Board to consult the Secretary of State and the Permanent Secretary on the appointment of the Chief Executive would be incorporated into the next Management Agreement.

5.20 There is a clear division of roles and responsibilities between Board members and the executive team. No one individual has unchallenged decision-making powers.

### **Finding**

The BFI has a hybrid status, being an independent charity with a Royal Charter and an NDPB. The BFI is compliant with the majority of the principles of good corporate governance. The BFI has ensured that the Board has strong commercial expertise appropriate to its new role. The Board is functioning well and providing rigorous challenge to the executive team. However, the Secretary of State currently has no power of appointment over the Chair or Governors in the Royal Charter, which does not comply with Cabinet Office guidance.

### **Recommendation 27**

The BFI Chair is appointed by the Secretary of State and that the appointment is regulated by the Office of the Commissioner for Public Appointments (OCPA).

### **Recommendation 28**

The BFI Board members are appointed by the Secretary of State and the appointments made in accordance with OCPA principles, to be implemented as vacancies arise on the Board (with the exception of the BFI Member Governor post).

### **Recommendation 29**

The BFI agree amendments to their Royal Charter with DCMS, including giving the Secretary of State power of appointment of the BFI Chair and Board members, and submit the changes to the Privy Council for approval at their November or December 2014 meeting.

### **Recommendation 30**

The BFI and DCMS review the size and make-up of the Board with a focus on increasing the diversity of the Board through future appointments, including maintaining

regional representation, and securing representation from beyond the creative industries sector.

### **Recommendation 31**

The BFI continues to address with DCMS any corporate governance areas where they are not yet fully compliant, including on pay progression.

## **Annual reporting and transparency**

- 5.21 The principles of Good Corporate Governance include three points that are particularly relevant to transparency: publication of an annual report; publication of minutes of Board meetings; and consideration of holding an annual Board meeting open to the public.
- 5.22 The Triennial Review found that the BFI is performing well against the transparency aspects of the Code of Corporate Governance<sup>41</sup>. It is publishing annual reports and minutes from Board meetings online – two of the Cabinet Office’s three transparency measurements<sup>42</sup>. The BFI website also contains information on how to make a complaint<sup>43</sup>, how to make a Freedom of information (FOI) request<sup>44</sup>, and information on the Board membership<sup>45</sup>.
- 5.23 The review team considered the relationship between the BFI and the DCMS teams that engage with them most frequently, including the sponsorship team and the finance team. It was apparent that the hybrid status of the BFI, as a Royal Charter charity and an NDPB, could at times impact on the relationship between the BFI and DCMS. The review team received prompt responses from the BFI to information requests, which supported the team’s analysis, and formed part of the evidence base for advice to ministers. It would be beneficial for both the BFI and DCMS if a more transparent relationship was developed and maintained.

### **Recommendation 32**

The BFI and the DCMS sponsor team consider mechanisms to further improve transparency, for example through the sharing of Board agendas in advance to allow officials to make informed judgements about requests for further information, such as Board papers and minutes, or requests to observe Board meetings.

<sup>41</sup> See chapter 6 at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220645/corporate\\_governance\\_good\\_practice\\_july2011.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220645/corporate_governance_good_practice_july2011.pdf)

<sup>42</sup> The other measurement being the opening of meetings to the public.

<sup>43</sup> <http://www.bfi.org.uk/bfi-feedback-complaints-procedure>

<sup>44</sup> <http://www.bfi.org.uk/form/freedom-information-enquiry>

<sup>45</sup> <http://www.bfi.org.uk/about-bfi/senior-staff-governors-bfi-fellows/governors>



## **Audit, Risk and Governance Committee**

5.24 The Audit, Risk and Governance Committee meet regularly to review the effectiveness of the processes, structures, and controls used to direct, manage and account for the financial and business affairs of the BFI. The Audit, Risk and Governance Committee consider all internal and external audit reports and recommendations. In line with best practice there are two non-Governor members of the committee.

## **Effective Financial Management**

### **Conduct and behaviour**

5.25 The BFI has a code of conduct on behaviour which forms part of the employment contract for all staff and procedures to deal with conflicts of interest and is published internally.

5.26 Governors play a full and active role in the work of the BFI. They are required to fulfil their duties and responsibilities conscientiously and, at all times, act in good faith and in the best interests of the BFI. Governors must comply with any statutory or administrative requirements in relation to their role. In addition, Governors have a duty to ensure the safeguarding of public funds and the proper custody of assets which have been publicly funded and to assist and support the Chief Executive in her role as Accounting Officer.

5.27 The Board of Governors has approved a Code of Conduct which reflects the principles laid down in the Code of Best Practice for board members of Public Bodies and maintains a Register of Interests of board members. This Register is available for inspection at the BFI's registered offices.

## **ANNEX A – Summary of Responses to the Online Survey**

### **Purpose of survey**

An online survey was used to seek the views of stakeholders on the BFI. The survey was open from 28 March 2014 to 28 April 2014 and was available on the gov.uk website. The survey asked a range of questions to obtain stakeholder opinions on aspects of the current performance of the BFI, as well as the future of the organisation and the challenges that it faces. The following sections summarise the results of the survey by theme:

- Who responded?
- Performance against core objectives
- Core customer satisfaction levels
- Stakeholder views on organisational capability in the BFI
- Diversity performance
- Stakeholder views on reform of the BFI

### **Who responded?**

The survey received 156 unique responses, 40% of which were submitted on behalf of an organisation, with the remaining 60% from individuals.

*Figure A1*

<b>Reported background of respondents</b>	<b>Percentage of respondents</b>
I work in the industry	38%
I work for an organisation funded by the BFI	17%
I work for the BFI	6%
I work for a Government Department or a devolved administration	3%
I would prefer not to say	15%
Other	21%

The category “Other” included respondents from the wider private sector outside of the film industry, local government, members and patrons of the BFI, and the academic and educational sectors.

Respondents were not required to answer all questions in the survey, so the response rate varied in most cases. The following sections highlight stakeholder views by theme, stating the total number of respondents to each question and the share of responses to each answer.

In some cases, respondents were given the option of stating “do not know”. This response might be particularly relevant to a respondent who as a regular user of BFI screen facilities, for instance, felt able to answer questions about customer satisfaction, but did not feel able to answer questions on organisational capability. Results are reported including “do not know” responses, unless otherwise stated.

## Performance against core objectives

The first key questions in this theme asked respondents which of the core BFI activities they engaged with (respondents were able to select as many categories as they liked). The results showed that there was significant engagement with each of the five core functions, although this was slightly lower for “unlocking film heritage” and providing grants to partners”. The results are summarised in the following table.

*Figure A2*

Core function of the BFI	Share of respondents who engage
Provide leadership and advocacy for UK Film	63%
Expand education and learning opportunities and boost audience choice across the UK	72%
Support the future success of the British Film Industry	64%
Unlock film heritage	49%
Provide grants to partners	47%

*Total number of responses: 112*

There was also a follow up question that asked whether respondents thought that these five functions accurately described what the BFI does. Here, 90% of respondents agreed, with only 6% disagreeing, and 4% stating that they did not know. There were 115 responses to this question.

The survey then went on to ask how effective respondents thought the BFI was in delivering these five core functions. They were given five choices:

- Very effective
- Effective
- Ineffective
- Very ineffective
- Do not know

The following table reports the number of responses received against each objective, and the proportion of answers that answered “positively” either “very effective” or “effective”.

*Figure A3*

Core function of the BFI	Number of responses	Very effective OR effective	Very effective ONLY
Provide leadership and advocacy for UK Film	101	85%	43%
Expand education and learning opportunities and boost audience choice across the UK	100	83%	40%
Support the future success of the	101	86%	39%

British Film Industry			
Unlock film heritage	100	85%	46%
Provide grants to partners	101	69%	19%

The results show that there was general consensus that the BFI is delivering its core objectives well, with most total “positive” responses above 80% and strongly positive feedback of around 40%. The exception to this was the BFI’s role in providing grants to partners, which scored lower against both metrics. However, 27% of the responses were “do not know”, this is likely to reflect that many respondents would not have been recipients of or applicants for grants (only 27 people indicated that they had received or applied for a grant in a previous question). Taking the “do not know” responses out of contention, the responses show that only 5% of respondents thought that the BFI was “ineffective” or “very ineffective” at providing grants to partners. This suggests that BFI performance in this core area is much stronger than the results in the table above suggest.

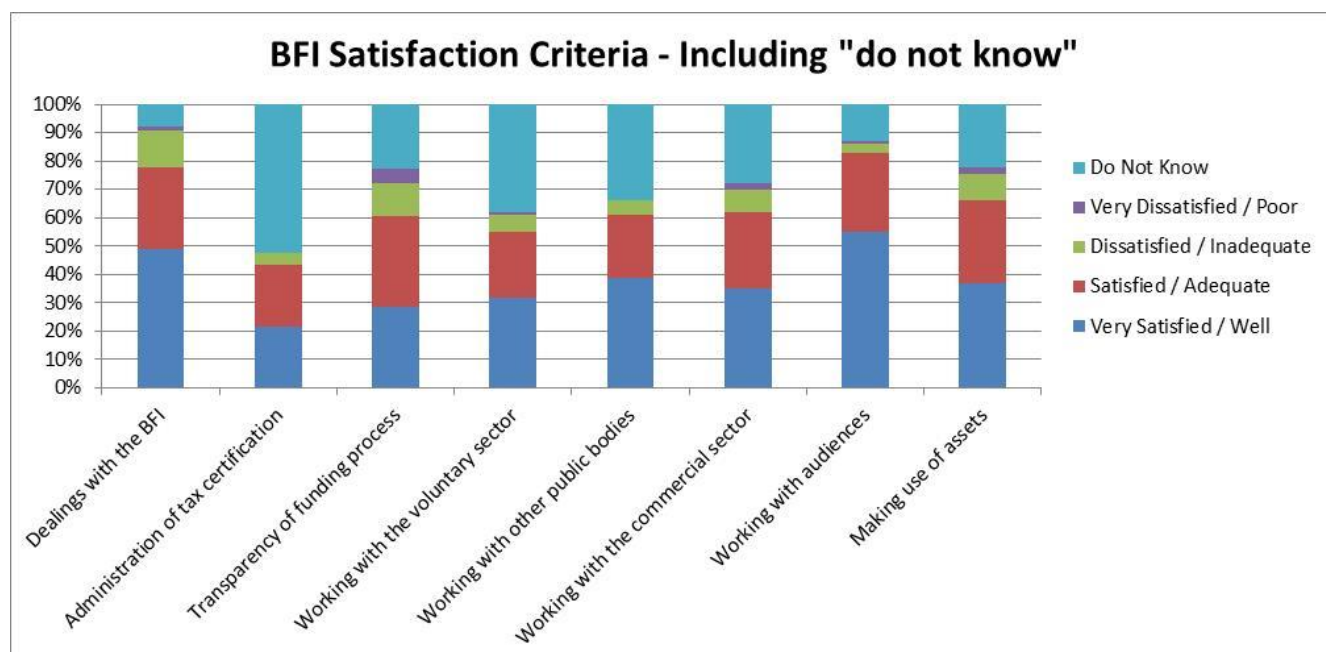
### Core customer satisfaction levels

The survey contained a series of questions that asked how stakeholders viewed the way in which the BFI delivered its core functions. For each question, respondents had to choose one of five answers:

- Very satisfied / Well
- Satisfied / Adequate
- Dissatisfied / Inadequate
- Very dissatisfied / Poor
- Do not know

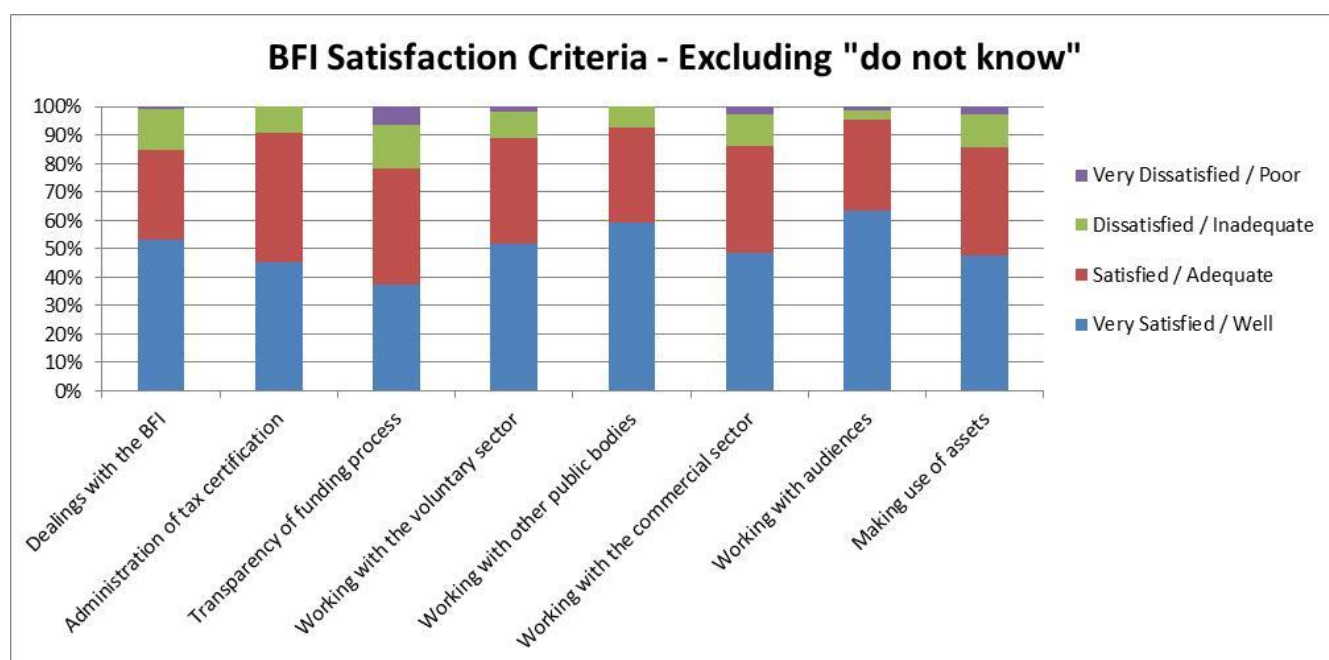
The following chart shows different satisfaction criteria (on the horizontal axis) and the scores against each criteria (on the vertical axis).

**Figure A4**



The chart shows more dark blue and red blocks (indicating satisfaction) than purple and green blocks (indicating dissatisfaction). This suggests a strong performance across all criteria. There were, however, a large amount of “do not know” responses, which most likely reflects the fact that not all respondents engage with the BFI on each of these criteria (see response on levels of engagement in *Figure A2*). The high level of this particular response does cloud the picture on performance. Given this, the following chart shows performance levels once “do not know” responses have been excluded.

**Figure A5**



This chart is much clearer. It shows that across all but one customer satisfaction criteria, above 80% of respondents have responded positively (either “very satisfied” / “well” or “satisfied” / “adequate”). The only area that was below 80% satisfaction was transparency of the funding process, but this was close to 80%, and may be subject to more bias than the other responses (from respondents who had unsuccessfully applied for funding). It is also worth noting that levels of especially high dissatisfaction (“very dissatisfied” / “poor”) were extremely low (5% or less).

There was a reasonably strong response rate to the customer satisfaction questions. The following table sets out the number of responses received in each case.

**Figure A6**

Satisfaction Criteria	Number of responses
Dealings with the BFI	87
Administration of tax certification	83
Transparency of funding process	84
Working with the voluntary sector	87
Working with other public bodies	87
Working with the commercial sector	86
Working with audiences	87
Making use of assets	85

The survey also asked a specific question around the process of applying to the BFI for a Lottery grant. 38 respondents indicated that they had been through the process of

applying for a Lottery grant. The survey asked these respondents whether they were happy with the level of support that they received from the BFI throughout the process. The following table summarises the answers received.

*Figure A7*

Level of help received	Proportion of respondents
More than I really needed. I could have done just as well with less input from BFI staff	11%
More than I expected but I could not have got the grant(s) without the extra help	5%
A bit less than I needed. I would have appreciated more support from BFI staff	8%
A lot less help than I needed. This had a negative impact on my application.	5%
Just the right amount of help	71%
Do not know	0%

The results show that in the majority of cases (76%) the BFI provided the right amount of assistance. Only 5% of respondents thought that the level of help they received had a detrimental impact on their application.

### Stakeholder views on organisational capability in the BFI

The survey asked a series of questions around the organisational strength of the BFI. Respondents were asked whether the BFI showed strengths across five criteria. In each case they could agree, disagree, or state that they did not know. The following table summarises the responses.

*Figure A8*

Criteria	Respondents	Yes	No	Do not know
Leadership	82	66%	22%	12%
Skills and knowledge base	79	78%	11%	10%
Openness and transparency	80	73%	20%	8%
Accountability	79	77%	13%	10%
Responsiveness	80	74%	21%	5%

Around 80 people answered this series of questions. These respondents clearly indicated that they saw the BFI as having a solid organisational base, with responses to all but one of the criteria above 70%. The weaker areas were leadership (where only 66% of respondents agreed that the BFI showed strength), openness and transparency (where 20% of respondents disagreed that this was a strength of the BFI), and responsiveness (where 21% of respondents disagreed that this was a strength of the BFI).

## Diversity performance

The survey asks a number of specific questions about how well the BFI takes into account the needs of different groups in society. This section examines the views of respondents on questions about diversity.

The survey asked whether respondents thought that the BFI targets its services on several under-represented groups. The following table summarises the results, indicating how many responses were received, and the share that agreed, disagreed, or stated that they did not know.

*Figure A9*

Group	Responses	Yes	No	Do not know
Women	98	70%	8%	21%
BAME <sup>46</sup>	98	68%	7%	24%
Disabled	99	47%	11%	43%
LGBT <sup>47</sup>	98	71%	6%	22%

These results show that the BFI does well at targeting its services at under-represented groups. The key result is the number of respondents who disagreed that the BFI is doing enough to target services, which is at 11% or below for each group. Note that the low proportion (47%) of respondents agreeing that services are targeted at disabled people is primarily driven by a large proportion of respondents stating “do not know” (43%).

There was a further question that asked more generally whether respondents thought that the BFI is representative. 82 respondents answered this question, with 57% agreeing, 23% disagreeing, and 20% stating that they “do not know”.

There were then two questions about the diversity of the Board membership. Respondents were asked whether they felt that:

- The Board membership is representative of the BFI’s remit
- The Board membership is sufficiently diverse

In both cases 82 respondents answered the question, with 38% agreeing, 22% disagreeing, and 40% stating that they “do not know”.

## Stakeholder views on reform of the BFI

The survey asked a number of questions about the organisational structure and status of the BFI, as well as inviting stakeholders to consider the balance of future priorities. The responses to these questions are summarised in this section.

The first question asked if the five core functions performed by the BFI (summarised in *Figure A2*) are still needed. 89% of respondents agreed that all the functions were needed, 3% agreed that some of the functions were needed, 3% disagreed that any

<sup>46</sup> Black, Asian and Ethnic Minority

<sup>47</sup> Lesbian, Gay, Bisexual and Transgender

functions were needed, and 5% “did not know”. The survey shows conclusively that there BFI is needed in some form.

Looking to the future, the survey then asked if there were any additional functions that the BFI should be fulfilling. 47% of respondents disagreed that there was a wider role for the BFI, with 28% stating “do not know”, but a significant minority of 25% argued that the BFI could be doing more. These respondents were given the option of including some free-form text to explain their answer. Suggestions included:

- Re-establishing the Museum of Moving Image
- More financial support for young producers (perhaps funded by the industry)
- Protecting intellectual property within the industry
- Financing of more commercial films
- More and closer work with regional and local programmes
- Supporting film as an educational vehicle and understand its impact on children
- Act as a source of greater transparency for the film industry
- Regulating the cost of film licences for small community cinemas

The questions then go on to ask if Non-Departmental Public Body (NDPB) form of the BFI is the most appropriate organisational structure. This was addressed from several different perspectives. Firstly, respondents were asked to assess what aspects of an NDPB structure they considered to be “essential” for the BFI. The NDPB characteristics, number of responses, and the proportion of respondents that agreed that the feature is essential are summarised in the below. It is clear from this data that respondents consider that majority of these characteristics to be important to the functioning of the BFI.

*Figure A10*

NDPB characteristic	Agree
Having a national and regional scope	89%
Operational autonomy from ministers but working within a framework set by ministers	73%
Accountable to ministers against this framework, with ministers accountable to the public	42%
Headed by a Board of directors and managed day-to-day by a Chief Executive Officer	72%
Accountable for their own budget and publishing their own annual report and accounts	77%
None of the above	1%
Do not know	8%

*Total number of responses: 92*

As well as the key NDPB characteristics, respondents were asked whether they felt that the BFI needs to be seen as politically impartial. Of the 92 responses to this question, 86% agreed, 5% disagreed, and 9% answered “do not know”.

Respondents were then asked directly whether they thought that the NDPB model was the most efficient organisational structure for the BFI. Again, there was strong support for the NDPB structure.



**Figure A11**

Preference for organisational structure	Share of respondents
NDPB	72%
Another model	9%
Do not know	19%

Total responses: 90

Those respondents who commented that another model would be more appropriate were given the option to enter free-form text to describe their preferred alternative. There was a lack of clarity and precision in the answers received, but a number of delivery models were put forward including “Charity” and “Government”. One respondent suggested that the commercial aspects of the BFI could be separated from the cultural and educational remits, with the latter moving to another ALB such as the Arts Council England. On the other hand, another respondent pointed out that the BFI had only recently undergone significant change with the transfer of functions from the UK Film Council, and now requires a period of stability.

Respondents were also given the option to enter free form text to give their views on the likely impact were the BFI no longer to be classed as a NDPB. There were 64 text responses to this question. There overwhelming majority of comments were negative, with key words like “disastrous”, “damaging”, “deleterious” featuring in the responses. Others pointed out the some core characteristics of the BFI would disappear, including “neutrality lost”, “less access to training”, “film heritage would be at risk”, and “the industry would suffer”. There were no strongly positive responses. A significant number of responses (14) felt unable to comment.

The survey also asked explicitly whether there are any opportunities to deliver BFI functions through alternative commercial models, such as partnerships with the private sector. The following table describes the results.

**Figure A13**

Opportunities to pursue commercial models	Share of respondents
Agree	17%
Disagree	57%
Do not know	27%

Total responses: 90

Those who agreed that there are some opportunities for greater commercial engagement by the BFI were invited to add details in free-form text. A limited number of text responses were given, and many of these were vague, but some more substantive points included:

- Sponsored film festivals and events
- Leverage production funding through partnerships with private funding initiatives
- Greater working with industry trade bodies
- There is an inherent tension between commercial objectives and public funding

## Conclusions

The overall message from the online survey of stakeholder views tended to be positive about the BFI. Respondents on the whole thought that the BFI:

- Is performing well against its five core objectives
- Is delivering relatively high levels of customer satisfaction
- Has strong levels of organisational capability
- Represents the needs of under-represented groups well
- Has the correct remit and organisational structure

**ANNEX B: Written Ministerial Statement**

**British Film Institute (Triennial Review)**

**26 March 2014**

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr Edward Vaizey):** I am today announcing the start of the triennial review of the British Film Institute (BFI). Triennial reviews are part of the Government's commitment to ensuring that non-departmental public bodies (NDPBs) continue to have regular independent challenge.

The review will examine whether there is a continuing need for the BFI's function and its form and whether it should continue to exist at arm's length from Government. Should the review conclude there is a continuing need for the body, it will go on to examine whether the body's control and governance arrangements continue to meet the recognised principles of good corporate governance. The findings at both stages of the review will be examined by a challenge group.

I will inform the House of the outcome of the review when it is completed.

## **ANNEX C: Challenge Group and Review Team**

### **Challenge Group Membership:**

- Rita French, Executive Director, Department for Culture, Media and Sport
- Oli Blackaby, Crown Commercial Lead, Cabinet Office
- Ajay Chowdhury, Chief Executive of Seatwave and Non-Executive Director, Department for Culture, Media and Sport
- Monisha Shah, media professional (independent member)

### **Role:**

At the first meeting (18 March 2014) of the Challenge Group, the Review team sought comments on the proposed scope and approach of the Review. The Challenge Group provided comments on the Terms of Reference.

The second meeting of the Challenge Group (1 May 2014) provided the group with an opportunity to comment on the Review's emerging findings. The group also reviewed the stakeholder engagement which had taken place up to that point, and suggested areas for further investigation by the Review.

The Challenge Group met again on 18 June to consider the emerging recommendations. A paper of draft recommendations was subsequently circulated to the group, and the members provided detailed comments, which the review team took into account. The final recommendations were then circulated to the members, who confirmed that they were content with the review process and evidence used.

### **Review Team**

The Triennial Review of the BFI was launched on 26 March 2014. Colin Perry was Lead Reviewer until 11 May, after which Robert Sullivan took on the role. The Lead Reviewer was supported by the Review Team. Extra thanks are due to Cabinet Office officials, DCMS Legal, Finance and Communications teams. Also contributing to this process were members of the DCMS Arm's Length Bodies team, the Evidence and Analysis Unit and the Sponsorship team. The Review team would like to record their gratitude to the BFI for their prompt and helpful support during the consultation and drafting process of this report.

## **ANNEX D -Terms of Reference**

### **British Film Institute (BFI) Triennial Review Terms of Reference**

#### **Objective**

All public bodies are required to be reviewed on a periodic basis. In accordance with Cabinet Office guidelines<sup>48</sup>, the BFI<sup>49</sup> review will have two principal aims, represented by two stages:

- i. STAGE 1: To provide a robust challenge for the continuing need for the functions performed by the BFI and, if there is, whether some or all of these functions should be delivered by alternative delivery models or continued delivery by a Non-Departmental Public Body (NDPB). Stage 1 will also include an examination of the BFI's remit and commercial strategy.
- ii. STAGE 2: If it is agreed that the functions of the BFI should continue to be delivered as an NPDB, to review the control and governance arrangements in place to ensure that the organisation is complying with the recognised principles of good corporate governance and delivering good value for money.

The structure, efficiency, and effectiveness of the BFI will be considered as part of both stages, including an appraisal of the scope for further savings.

#### **Scope**

Within this context, the review will consider:

- Whether delivery of the functions continues to contribute to wider Government policy (including economic growth);
- Whether providing the functions is a justifiable use of Grant-in-Aid and Lottery income, and whether it provides value for money;
- Whether commercial opportunities are being maximised;
- Whether there is a demand for the function and services from users, and the impact that new technologies and digital convergence are having on demand for services;
- The extent of the BFI's engagement with the wider screen industries (TV, animation, video games), and whether this is appropriate;
- Whether the governance and management arrangements are sufficiently robust and transparent; and
- The 'counterfactual' – that is, the cost and effects of not delivering the function.

#### **Departmental Governance Arrangements**

The Minister for Culture and the Digital Economy will have oversight of the Review. Both Cabinet Office and DCMS ministers will be asked to agree the report and recommendations before publication. A review team has been set up that is both independent of the BFI and the DCMS sponsorship team. It also includes members of

<sup>48</sup> <https://www.gov.uk/public-bodies-reform>

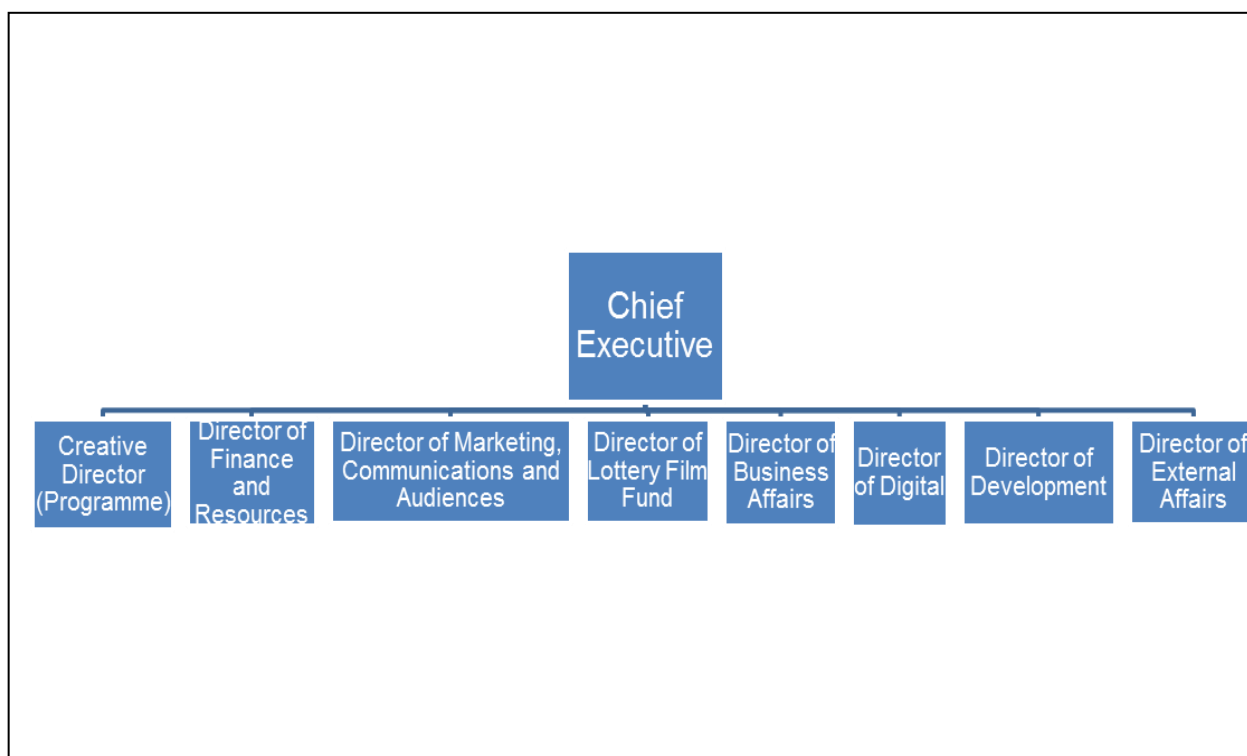
<sup>49</sup> <http://www.bfi.org.uk/about-bfi/policy-strategy/film-forever>

the Cabinet Office, who will advise on commercial models and ALB governance issues. A Challenge Group has been established to work alongside the review team and to provide challenge to the methodology and conclusions of the review. The review team will engage with a range of stakeholders through an online survey and, where appropriate, individual interviews.

## **ANNEX E- Organisation and background.**

### **Background to the British Film Institute**

#### **BFI Executive Board**



#### **BFI Governors**

Greg Dyke (Chair)  
Josh Berger, CBE  
Pat Butler  
Charles Cecil  
Alison Cornwell  
Pete Czernin  
Ashley Highfield  
Tom Hooper  
Matthew Justice  
Oona King  
Peter Kosminsky (Member Governor)  
J. Timothy Richards  
Jonathan Ross  
Lisbeth Savill (Deputy Chair)  
Andrea Wong

#### **Background**

The history of the BFI can be found at:

<http://www.bfi.org.uk/about-bfi>

#### **Expenditure**

Annual Reports and financial statements regarding the BFI can be found at:

<http://www.bfi.org.uk/about-bfi/annual-review-management-agreement>

**ANNEX F- Royal Charter**

**BRITISH FILM INSTITUTE**

(Charity Registration Number: 287780)

**Royal Charter**

(As amended and in effect from 19 April 2000)

**21 Stephen Street, London W1P 2LN**

**Royal Charter**

ELIZABETH THE SECOND by the Grace of God of the United Kingdom of Great Britain and Northern Ireland and of Our other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith:

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING!

WHEREAS it has been represented unto Us that it is expedient that We should be graciously pleased to grant a Charter of Incorporation to the unincorporated organisation founded in the year of our Lord One thousand nine hundred and eighty-three and formed to succeed The British Film Institute (a company incorporated under the Companies Act 1948 limited by Guarantee and not having a share capital) (hereinafter called "the Company"):

NOW THEREFORE KNOW YE THAT WE, by virtue of Our Prerogative Royal and of all other powers enabling Us in that behalf have granted and ordained and do by these Presents for Us, Our Heirs and Successors, grant and ordain as follows:

1. The persons now Members of the said unincorporated organisation (being the Chairman and the Governors of the Company) and all other persons who may hereafter become Members of the Body Corporate hereby constituted shall forever hereafter (so long as they continue to be Members of the said body) be one body corporate and politic by the name of "The British Film Institute" (hereinafter called "the Institute") and by the same name shall have perpetual succession and a Common Seal with power to break, alter and make anew the said Seal from time to time at their will and pleasure, and by the same name shall and may sue and be sued in all Courts and in all manner of actions and proceedings and shall have power to do all other matters and things incidental or appertaining to a body corporate.

2. The objects of the Institute shall be to encourage the development of the arts of film, television and the moving image throughout Our United Kingdom, to promote their use as a record of contemporary life and manners, to promote education about film, television and the moving image generally, and their impact on society, to promote access to and appreciation of the widest possible range of British and world cinema and to establish, care for and develop collections reflecting the moving image history and heritage of Our United Kingdom. In furtherance of these objects the Institute shall have power to acquire the assets subject to the liabilities of the Company provided always that:-

(i) the Institute is established for charitable purposes only and its property and income shall be held and applied for those purposes only and the objects and powers of the Institute shall be construed as limited by the foregoing terms of this proviso;



(ii) the Institute shall not support with its funds any object or endeavour to impose on or procure to be observed by its Members or others any regulation, restriction or condition which, if an object of the Institute, would make it a trade union; and

(iii) in case the Institute shall take or hold any property subject to the jurisdiction of the Charity Commissioners for England and Wales the Institute shall not sell, mortgage, charge or lease the same without such authority, approval or consent as may be required by law, and as regards any such property, the Governors of the Institute shall be chargeable for such property as may come into the Institute's hands, and shall be answerable and accountable for their own acts, receipts, neglects and defaults and for the due administration of such property in the same manner and to the same extent as they would, as such Governors, have been if no incorporation had been effected, and the incorporation of the

Institute shall not diminish or impair any control or authority exercisable by the Chancery Division or the Charity Commissioners over such Governors who shall, as regards any such property, be subject jointly and separately to such control or authority as if the Institute were not incorporated by this our Charter. In case the Institute shall take or hold any property which may be subject to any trusts, the Institute shall only deal with the same in such manner as allowed by law, having regard to such trusts.

3.(a) All moneys and property however received by the Institute, including all moneys voted by Our United Kingdom Parliament, shall be applied solely towards the promotion of the objects of the Institute and no portion thereof (except as otherwise provided in this Our Charter) shall be paid or applied directly or indirectly to the Members.

(b) Money subject or representing property subject to the jurisdiction of the Charity Commissioners shall only be invested by the Institute in such securities or property and with such sanction (if any) as may for the time being be authorised by law.

4. There shall be a Patron of the Institute and His Royal Highness The Prince of Wales, KG, KT, GCB, AK shall be the first Patron (having been Patron of the Company). Subsequent Patrons shall be such persons as may from time to time accept that office upon the invitation of the Governing Body of the Institute.

5. The management of the affairs of the Institute shall be vested in the Governing Body of the Institute (herein called "the Governing Body") who may exercise all such powers and do all such things as may further the objects of the Institute.

6.(a) The Governing Body shall consist of a Chairman, and not more than fourteen other Governors. The Chairman and the Governors for the time being shall be Members of the Institute.

(b) The Chairman shall be appointed with the approval of the Secretary of State for Culture Media and Sport by the Film Council (or any successor body to whom the functions thereof shall be devolved) (hereinafter called "the Film Council") which shall determine the Chairman's terms of appointment.

(c) Governors shall be appointed by the Governing Body, provided that Governors in respect of whom re-appointment is to be considered shall not be entitled to vote either in respect of their own re-appointment or the appointment of any other Governor to be considered at that time. Any appointment of a Governor by the Governing Body shall be subject to ratification by the Film Council before such appointment shall become effective.

(d) The Governors may appoint an individual, who is willing to act, to be a Governor to fill a vacancy, provided that such appointment shall not cause the number of Governors to exceed the maximum number of Governors. A Governor so appointed shall hold office only until the next meeting of Governors at which appointments to the Governing Body are to be considered generally. Any such appointment shall not constitute a term of office for the purposes of Article 6(f) of these presents, but in any event no such person shall serve in office for more than nine years in aggregate.

(e) In the event that there shall be insufficient Governors to form a quorum, the Film Council shall be entitled to appoint such number of Governors as shall be required to make up a quorum sufficient to appoint further members, and to determine the term of such appointments, subject to the restrictions in Article 6(f) of these presents.

(f) An individual shall not be appointed to be a Governor for a first term of more than three years and shall be eligible for re-appointment for a second term of up to three years. No Governor shall (save as provided in these presents) serve more than two terms of office. An individual may with the approval of a majority of the Governors for the time being be appointed to be Chairman of the Institute pursuant to Article 6(b) of these presents for a further term but may not serve in office for more than nine years in aggregate.

(g) A Governor may at any time by notice in writing to the Chairman of the Institute resign his office.

(h) The office of Governor shall be vacated if he be removed from office by a resolution of the Governors passed by a majority of 75 per cent of those present and voting (being an absolute majority of all the Governors).

(i) The Institute shall not (unless authorised to do so by an Order of the Charity Commission or the High Court) make to any Governor any payment by way of remuneration for his services, but may reimburse to any Governor expenses reasonably incurred by him in the performance of his duties.

7.(a) The quorum for meetings of the Governing Body may be determined by the Governing Body and unless so determined shall be five. Except where otherwise provided in this Our Charter questions arising at any meeting shall be decided by a majority of votes and in case of any equality of votes the Chairman shall have a second or casting vote.

(b) It shall not be necessary to give notice of a meeting of the Governing Body to any Governor for the time being absent from Our United Kingdom. The Governing Body may act notwithstanding a vacancy in their number and the validity of any proceedings of the Governing Body shall not be affected by any defect in the appointment of a Governor.

(c) A resolution in writing signed by all the Governors for the time being entitled to receive notice of a meeting of the Governing Body shall be as valid and effectual as if it had been passed at a meeting of the Governing Body duly convened and held.

(d) The Governors attending at any meeting of Governors need not be present at one place provided that they are able to hear and communicate with each other by telephone or other instantaneous means throughout the proceedings and both the Governor or Governors present at the place where the meeting is deemed to be held and the Governor or Governors in communication are willing to treat the Governor or

Governors in communication as being present. Unless the Governors determine to the contrary, the meeting shall be deemed to be held at the place where the majority of the Governors attending are present or, if there is no majority present in any one place, the place where the Chairman of the meeting is present.

8. The Governing Body may delegate any of their powers to committees consisting of such Governors and subject to such regulations as they think fit. In addition, the Governing Body may appoint persons other than Governors to serve on any committee and may at any time revoke the appointment of any such person. Article 6(i) of this Our Charter shall apply to all members of committees as it applies to Governors.

9. (Deleted)

10. Subject to the provisions of this Our Charter, the Governing Body shall meet and may regulate their own procedure and that of any committee as they shall think fit.

11.(a) The Governing Body shall appoint a chief executive officer who shall be known as the Director of the Institute for such term, at such remuneration and upon such conditions as they shall think fit, and the Governing Body may from time to time entrust to and confer upon the Director such of the powers exercisable by the Governing Body as they may think fit upon such terms and conditions and with such restrictions as they may determine and may from time to time revoke, withdraw, alter and vary all or any of such powers.

(b) The Governing Body may appoint such other officers and take into the Institute's employment such other persons and in each case on such terms and conditions as they shall determine.

(c) The Governing Body may pay to or in respect of any officers or other persons employed by the Institute such pensions (including gratuities) or provide and maintain for them such pension schemes (whether contributory or not) as the Governing Body may determine.

12.(a) The Institute shall keep proper accounts and other records, and shall prepare and publish for each financial year statements of account.

(b) The Governing Body shall cause the statements of account prepared for each financial year to be audited by an auditor qualified in accordance with the Companies Acts 1985 and 1989 or any statutory modification or re-enactment thereof.

(c) The Governing Body shall as soon as possible after the end of each financial year publish a report on the exercise and performance of their functions and of the affairs of the Institute during that year.

13. The Common Seal shall be kept in safe custody and shall not be used except with the authority of the Governing Body or a committee thereof and its use shall be authenticated by the signature of a Governor and the counter-signature of an officer of the Institute appointed by the Governing Body for the purpose.

14. The Governing Body may confer such benefits on such other persons (to be called "Members, Associate Members or Student Members of The British Film Institute" or such other class of "Member of the British Film Institute" as the Governing Body shall from time to time determine) in return for such subscriptions as the Governing Body shall from time to time determine. Such persons shall have the right in such manner as

the Governing Body shall from time to time determine to put forward a list of individuals in order of preference which the Governing Body shall consider for appointment as Governors of the Institute.

15. The Governing Body may by a Resolution passed at a meeting of the Governing Body by not less than three-quarters of the Governors present and voting (being an absolute majority of all the Governors) revoke, amend or add to any of the provisions of this Our Charter and such revocation, amendment or addition when allowed by Us, Our Heirs or Successors in Council shall become effectual, so that this Our Charter shall thenceforward continue and operate as though it had been originally granted and made accordingly. This provision shall apply to this Our Charter as revoked, amended or added to in the manner aforesaid.

16. The Governing Body may by a Resolution passed by not less than three-quarters of the

Governors present and voting (being an absolute majority of all the Governors) at a meeting of the Governing Body duly convened for the purpose surrender this Our Charter and any

Supplemental Charter, subject to the sanction of Us, Our Heirs or Successors in Council and upon such terms as We or They may consider fit, and wind up or otherwise deal with the affairs of the Institute in such manner as the Governing Body shall think expedient having due regard to the liabilities of the Institute for the time being: If upon the winding up or dissolution of the Institute there remains after the satisfaction of all its debts and liabilities any property whatsoever, the same shall not be paid to or distributed among the members of the Institute or any of them but shall, subject to any special trust affecting the same, be given and transferred to some other charitable institution or institutions having objects similar to the object of the Institute and which shall prohibit the distribution of its or their income and property among its or their members to an extent at least as great as is imposed on the Institute under Article 3 hereof, such institution or institutions to be determined by the Governing Body at or before the time of dissolution or in default thereof then to some other charitable object.

17. In this Our Charter unless the contrary intention appears words importing the masculine gender shall include the feminine and words in the singular shall include the plural and vice versa.

18. And We do hereby for Us, Our Heirs or Successors grant and declare that these Our Letters or the enrolment or exemplification thereof shall be in all things good, firm, valid, and effectual according to the true intent and meaning of the same and shall be taken, construed and adjudged in all Our Courts and elsewhere in the most favourable and beneficial sense and for the best advantage of the Institute any misrecital, non-recital, omission, defect, imperfection, matter or thing whatsoever notwithstanding.

THIS Our Charter shall take effect on the thirtieth day of September One thousand nine hundred and eighty-three.

IN WITNESS whereof We have caused these Our Letters to be made Patent.  
WITNESS Ourselves at Westminster the eighteenth day of July in the 32nd year of Our Reign.

BY WARRANT UNDER THE QUEEN'S SIGN MANUAL OULTON

## **NOTE**

The Royal Charter was originally granted on 18 July 1983 and this edition incorporates amendments made by the Governors of the British Film Institute on 29 March 2000 as authorised by a Scheme of the Charity Commissioners for England and Wales dated 10 April 2000 and approved by the Privy Council on 19 April 2000.

## **ANNEX G-Summary of responses**

### **Stakeholder Engagement and Summary of Responses**

This Annex summarises the process for engaging with stakeholders and the key themes that arose during this engagement. The Review was announced on GOV.UK and the BFI website in March 2014, and the link to the survey provided. In addition to receiving 156 unique survey responses, (further details at Annex A), the Review team engaged with a range of interested parties by email, telephone and interview from April to July 2014.

The Review team interviewed the following BFI Board members:

Greg Dyke (Chair)

Pat Butler (Finance Committee Chair)

Alison Cornwall (Audit, Risk and Governance Committee Chair)

Josh Berger

Pete Czernin

Charles Cecil

Ashley Highfield

The Review team spoke to the following members of BFI staff:

Amanda Nevill	Chief Executive Officer
Tim Cagney	Deputy CEO (left the BFI in April 2014)
Will Evans	Director of Business Affairs
Ed Humphrey	Director of Digital
David Parkhill	Director of Finance and Resources
Ben Roberts	Director of Film Fund
Richard Shaw	Director of Communications, Marketing and Audiences
Heather Stewart	Cultural Director
Francesca Vinti	Director of Development
Paul Gerhardt	Director of Education
Carol Comley	Head of Strategic Development
Anna Mansi	Head of Certification
Clare Stewart	Head of Exhibition and Festivals
Eddie Berg	Head of Partnerships
Lisa Rowe	Head of Procurement and Supplier Relations
Isabel Davis	Head of International
Vivienne Avery	Head of Research and Statistics
Helen Dewitt	Head of Cinemas
Stuart Brown	Head of Events & Production
Gabriele Popp	Acting Head of Information
Emma Smart	Library Manager

### **Partners**

The Review team received written submissions from six BFI partner organisations, and follow-up conversations and meetings were held with a number of these partners to gain further feedback to inform the Review. The team also held an 'international roundtable'

focusing on BFI's work with international partners and outside the UK including China. This was hosted by the DCMS Review team and attendees from UKTI, the BFC, BBC Worldwide and Film Export UK joined us for discussions. A selection of quotes arising from these submissions and meetings were as follows:

- A representative from a UK-wide training organisation said: The BFI International Strategy brought everyone in from the beginning but could have sustained the engagement better.
- A representative from a UK-wide training organisation said: The useful crossover of certain Boards within the creative industries can provide helpful synergies, for example Tim Richards, a member of the Creative Skillsets Board is also a BFI Board member and Charles Cecil, BFI Governor, is also on Ukie Board.
- An Executive from the BFC said: The team at BFI dealing with consultations on tax relief have been extremely helpful in relationship building.
- A representative from a film production company said: I do feel that the BFI is the right partner to lead Export activity in the UK in an industry led manner

### **Industry**

The Review team held two 'industry roundtable' meetings which were attended by film producers, trade associations and film distributors.

- A representative of a professional association of film and TV directors said that the UK production sector is a cottage industry; BFI provides the framework, brings focus and helps increase recoupment of investment but can't solve all the industry's problems.
- A representative of a cultural cinema venue said that diverse films receive funding, the film audience network is delivering film culture and 'on the ground' activity is good.

### **Other Government Departments**

Wider evidence-gathering included discussions with relevant teams within DCMS and other Government departments, including HM Treasury, HM Revenue and Customs, Department for Education, and Business, Innovation and Skills.

### **Devolved Administrations**

The Review team engaged with Government officials and BFI partners across the UK from Wales, Scotland and Northern Ireland, including Ffilm Cymru Wales, Arts Council Wales, Creative Scotland and Northern Ireland Screen.

### **Public**

Four letters were received from members of the public, all of which supported the value of the Member Governor posts on the BFI Board, and proposed changes to the procedure for the election of Member Governors to increase the likelihood of future elections returning valid results (the current requirement is that 10% of the BFI membership needs to vote in order for the result to be valid).

**ANNEX H- BFI Self-assessment.****BFI Self-assessment of its compliance with the principles of good governance**

<b>ACCOUNTABILITY</b>				
<b>PRINCIPLE</b>	<b>SUPPORTING PROVISION</b>		<b>COMPLY</b>	<b>EXPLAIN</b>
<b>The public body complies with all applicable statutes and regulations, and other relevant statements of best practice.</b>	<b>1.</b>	<b><i>Statutory Accountability</i></b> The public body must comply with all statutory and administrative requirements on the use of public funds. This includes the principles and policies set out in the HMT publication “Managing Public Money” and Cabinet Office/HM Treasury spending controls.	●	In addition to the general obligation on NDPBs to comply with all statutory and administrative requirements in relation to the use of public funds, the BFI complies with the general guidance documents and instructions listed in Annex A to the Management Agreement 2012-2015 (‘the agreement’) agreed with DCMS on 9 November 2012.
	<b>2.</b>	The public body must operate within the limits of its statutory authority and in accordance with any delegated authorities agreed with the sponsoring department.	●	<p>The BFI operates within the parameters of the agreement (and associated Lottery Directions). Monthly reporting is undertaken to ensure ongoing compliance with the agreement.</p> <p>To facilitate this reporting the BFI operates management information and accounting systems that enable it to review in a timely and effective manner it’s financial and non financial performance against the budgets and targets set out in the corporate and business plans.</p> <p>In accordance with Article 21 (Delegated Authorities) of the agreement, the BFI obtains the written approval of DCMS in advance of undertaken any of the elements contained therein.</p>





ACCOUNTABILITY Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The public body complies with all applicable statutes and regulations, and other relevant statements of best practice.</b>	3.	The public body should operate in line with the statutory requirements and spirit of the Freedom of Information Act 2000.	●	The BFI adheres to the provisions of the Freedom of Information Act 2000. Requests can be made by submitting information in a <a href="#">form</a> on bfi.org.uk.
	4.	It should have a comprehensive Publication Scheme. It should proactively release information that is of legitimate public interest where this is consistent with the provisions of the Act.	●	The BFI regularly publishes the minutes of Board meetings and monitoring information on bfi.org.uk and is proactive in publishing information of this nature.  Further, information is disseminated by way of <a href="#">press release</a> on a regular basis and these are available on bfi.org.uk.
	5.	The public body must be compliant with Data Protection legislation.	●	The BFI complies with the Data Protection legislation. The BFI is registered as a Data Controller in the Data Protection Register on the <a href="#">Information Commissioners Office website</a> (registration number Z6728328).
	6.	The public body should be subject to the Public Records Acts 1958 and 1967.	●	The BFI complies with the Public Records Acts 1958 and 1967.

ACCOUNTABILITY Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
The Accounting Officer of the public body is personally responsible and accountable to Parliament for the use of public money by the body and for the stewardship of assets.	7.	<b><i>Accountability for Public Money</i></b> There should be a formally designated Accounting Officer for the public body. This is usually the most senior official (normally the Chief Executive).	●	Amanda Nevill is the formally designated Accounting Officer for the BFI.
	8.	The role, responsibilities and accountability of the Accounting Officer should be clearly defined and understood. The Accounting Officer should have received appropriate training and induction. The public body should be compliant with the requirements set out in “Managing Public Money.”	●	Amanda Nevill is fully aware of the responsibilities associated with this role and they have been specifically outlined to her. The Accounting Officer is acts in accordance with the terms of the letter of appointment. The Accounting Officer: <ul style="list-style-type: none"> <li>– advises the Board on the discharge of its responsibilities under the Financial Memorandum with DCMS and any other relevant guidance;</li> <li>– ensures that all public funds in the BFI’s charge are safeguarded, and are applied only to the objects of the BFI as specified in the Royal Charter;</li> <li>– ensures the economic, efficient and effective management of the BFI’s assets and operations in a way which is appropriate for the achievement of the BFI’s</li> </ul>

ACCOUNTABILITY Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
The Accounting Officer of the public body is personally responsible and accountable to Parliament for the use of public money by the body and for the stewardship of assets.	8. Cont.			<p>objectives and priorities;</p> <ul style="list-style-type: none"><li>– plans, controls, records and authorises expenditure ensuring the value for money, regularity and propriety of all payments out of grant;</li><li>– personally signs the annual accounts prepared in accordance with best practice applying at the time for charities and any accounts direction issued by the DCMS.</li></ul> <p>These responsibilities are specifically listed in the BFI Financial Procedures Manual. The Accounting Officer is assisted in the exercise of her functions by employees or agents of the BFI, but has not assigned absolutely to any other person the responsibilities listed above.</p>
	9.	<p>The public body should establish appropriate arrangements to ensure that public funds:</p> <ul style="list-style-type: none"><li>– are properly safeguarded;</li><li>– used economically, efficiently and effectively</li><li>– used in accordance with the statutory or other authorities that govern their use; and</li><li>– deliver value for money for the Exchequer as a whole.</li></ul>	●	<p>In addition to the Financial Procedures Manual, the BFI has employs a Committee structure that constitutes the appropriate arrangements referred to. They are the Lottery Finance and Business Planning and Performance Committees of the Executive Board and the Finance Committee of the Board of Governors.</p>

ACCOUNTABILITY Cont.			
PRINCIPLE	SUPPORTING PROVISION		EXPLAIN
<b>The Accounting Officer of the public body is personally responsible and accountable to Parliament for the use of public money by the body and for the stewardship of assets.</b>	<b>10.</b>	The public body's annual accounts should be laid before Parliament. The Comptroller and Auditor General should be the external auditor for the body	<div>●</div> <p>The BFI's Annual Report and Financial Statements are laid before Parliament before the summer recess on an annual basis. The Financial Statements are audited by the National Audit Office. Annual Reports and Financial Statements dating back to the 1998-99 financial year are available to <a href="#">download</a> on <a href="http://bfi.org.uk">bfi.org.uk</a>.</p>

ROLES AND RESPONSIBILITIES																							
PRINCIPLE	SUPPORTING PROVISION		EXPLAIN																				
<p>The public body is led by an effective board which has Collective responsibility for the overall performance and success of the body.</p> <p>The board provides strategic leadership, direction, support and guidance.</p> <p>The board and its committees have an appropriate balance of skills, experience, independence and knowledge.</p> <p>There is a clear division of roles and responsibilities between non-executive and executives.</p> <p>No one individual has unchallenged decision making powers</p>	11.	<p><i>Role of the Board</i></p> <p>The board of the public body should: meet regularly;</p>	<p>●</p> <p>The Board meets sufficiently regularly to discharge its duties effectively. Currently eight meetings are scheduled for 2014. Unless otherwise stated all meetings take place at the BFI Offices, 21 Stephen Street, London W1T 1LN. Dates for 2013 are as follows:</p> <table> <tr> <td>1.</td><td>Thursday</td><td>23</td><td>January</td></tr> <tr> <td>2.</td><td>Tuesday</td><td>25</td><td>February</td></tr> <tr> <td></td><td>NO MEETING</td><td></td><td>March</td></tr> <tr> <td>3.</td><td>Tuesday</td><td>29</td><td>April</td></tr> <tr> <td>4.</td><td>Thursday</td><td>29</td><td>May</td></tr> </table>	1.	Thursday	23	January	2.	Tuesday	25	February		NO MEETING		March	3.	Tuesday	29	April	4.	Thursday	29	May
1.	Thursday	23	January																				
2.	Tuesday	25	February																				
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ROLES AND RESPONSIBILITIES Cont.			
PRINCIPLE	SUPPORTING PROVISION		EXPLAIN
The public body is led by an effective board which has Collective responsibility for the overall performance and success of the body.  Etc.	11. Cont.		<p><b>NO MEETING</b> June</p> <p>5. Tuesday 15 July</p> <p><b>NO MEETING</b> August</p> <p>6. Tuesday/Wednesday 16-17 September (Away Day)</p> <p>7. Thursday 23 October</p> <p>8. Tuesday 25 November</p> <p><b>NO MEETING</b> December</p>
		retain effective control over the body; and	 Through the regular cycle of meetings and comprehensive reporting the Board ensures that it retains effective control over the body. The Committee structure of the Board also serves to ensure that effective control is retained.
		effectively monitor the senior management team.	 Through regularly reporting at Board meetings the Board is apprised of the activities of the Executive Board and the organisation generally. This facilitates the effective monitoring of the senior management team.

ROLES AND RESPONSIBILITIES Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The public body is led by an effective board which has Collective responsibility for the overall performance and success of the body.</b>  <b>Etc.</b>	12.	The size of the board should be appropriate.	●	The BFI Royal Charter provides that the Board shall consist of a Chairman, and not more than fourteen other Governors. <sup>50</sup> Following the <a href="#">appointment of three new Governors</a> in March 2014, the Board now has the maximum number of Governors permitted by the Royal Charter.
	13.	Board members should be drawn from a wide range of diverse backgrounds.	●	Current BFI Governors are <a href="#">listed</a> on bfi.org.uk. It is demonstrably the case that they are drawn from a wide range of diverse backgrounds from both within and outside of the film industry.
	14.	The board should establish a framework of strategic control (or scheme of delegated or reserved powers). This should specify which matters are specifically reserved for the collective decision of the board. This framework must be understood by all board members and by the senior management team. It should be regularly reviewed and refreshed.	●	Governors accept ultimate responsibility for the strategic direction of the BFI, and ensuring that it is solvent, well-run, and delivering its charitable objectives and strategic aims. The Board has delegated the day-to-day management of the organisation to the Chief Executive and the Executive Board.

<sup>50</sup> Article 6(a).

ROLES AND RESPONSIBILITIES Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The public body is led by an effective board which has Collective responsibility for the overall performance and success of the body.</b>  <b>Etc.</b>	15.	The Board should establish formal procedural and financial regulations to govern the conduct of its business.	●	The BFI maintains a Financial Procedures Manual (updated in December 2013). All staff with financial responsibilities are required to follow the procedures contained therein and are subject to the BFI’s disciplinary procedures in the event of non-compliance. The Manual is available on the BFI intranet and circulation is not restricted.
	16.	The Board should establish appropriate arrangements to ensure that it has access to all such relevant information, advice and resources as is necessary to enable it to carry out its role effectively.	●	Two weeks before each Board meeting the Chair, Chief Executive and Board Secretary meet to discuss the information and documentation that will be presented at the forthcoming Board meeting. Should the Chair be of the view that further information, advice or resources are required at this juncture the Board Secretary will ensure that they are in place for the meeting.  Upon receipt and consideration of papers or following a discussion at the meeting itself, Board members are free to request further information, advice or resources through the Chair. This will be furnished as an agenda item at the following meeting or through the Board Secretary outside of the scheduled meeting structure.
	17.	The Board should make a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters.	●	In conjunction with the Chair of the Finance Committee of the Board, the Director of Finance and resources is charged with ensuring that appropriate advice is given to the Board on all financial matters.





ROLES AND RESPONSIBILTIES Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The public body is led by an effective board which has Collective responsibility for the overall performance and success of the body.</b>  <b>Etc.</b>	18.	The Board should make a senior executive responsible for ensuring that Board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with.	●	<p>The Board Secretary is responsible for ensuring that Board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with.</p> <p>Where appropriate existing procedures will be reviewed to ensure that they are in line with best practice or recent developments in corporate governance.</p>
	19.	The Board should establish a remuneration committee to make recommendations on the remuneration of top executives.	●	<p>The Board has established a Remuneration Committee to make recommendations on the remuneration of the Executive. The current membership of the Committee is as follows:</p> <ul style="list-style-type: none"><li>– Greg Dyke (Chair)</li><li>– Ashley Highfield</li><li>– Pat Butler</li></ul>
	20.	Information on senior salaries should be published.	●	Information on the salaries of the Executive are published on an annual basis in the Annual Report and Financial Statements.
	21.	The board should ensure that the body’s rules for recruitment and management of staff provide for appointment and advancement on merit.	●	The BFI has an established Performance Management Scheme in place. It provides that staff below the maximum point on their BFI pay scale are eligible for an annual satisfactory performance increment in accordance with the BFI’s Pay & Grading Scheme Rules. Line managers are required to meet with the member of staff due a satisfactory increment and complete the Satisfactory Performance Increment Assessment Form. If performance is deemed unsatisfactory the increment will be withheld until the level of performance is assessed as satisfactory.

ROLES AND RESPONSIBILITIES Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The public body is led by an effective board which has Collective responsibility for the overall performance and success of the body.</b> <b>Etc.</b>	22.	The Chief Executive should be accountable to the Board for the ultimate performance of the public body and for the implementation of the Board's policies. He or she should be responsible for the day-to-day management of the public body and should have line responsibility for all aspects of executive management.	●	<p>The Chief Executive is accountable to the Board for the ultimate performance of the public body and for the implementation of the Board's policies. The Chief Executive submits a written report to the Board at each meeting which is supported by a detailed oral commentary. In the months of the year when no meeting is held the report is distributed to Governors through the Board Secretary.</p> <p>The Board has delegated the day-to-day management of the organisation to the Chief Executive and the report (and ongoing weekly dialogue with the Chair) apprises Governors of any issues relating to the discharge of this responsibility.</p>
	23.	There should be an annual evaluation of the performance of the board and its committees and of the Chair and individual board members	●	The Board has approved a Board Evaluation Document that is currently in the process of being completed by all Governors. The document can be accessed <a href="#">here</a> . Results from this exercise will be collated by the Board Secretary and considered by the Chair in the first instance in advance of consideration by the Board of Governors at the Away Day in September 2014.
<b>The Chair is responsible for leadership of the board and for ensuring its overall effectiveness.</b>	24.	The board should be led by a non-executive Chair.	●	The Board of Governors is led by Greg Dyke, non-executive Chair.

ROLES AND RESPONSIBILITIES Cont.			
PRINCIPLE	SUPPORTING PROVISION		EXPLAIN
<b>The Chair is responsible for leadership of the board and for ensuring its overall effectiveness.</b>	25.	There should be a formal, rigorous and transparent process for the appointment of the Chair. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments.	● A formal, rigorous and transparent process for the appointment of the Chair has been agreed between the BFI and DCMS. The process, drafted by the Board Secretary and reviewed and approved by DCMS, is based on the Code of Practice issued by the Commissioner for Public Appointments but is tailored to meet the unique requirements of the BFI as both an NDPB and a registered charity. The process can be accessed <a href="#">here</a> .
	26.	The Chair should have a clearly defined role in the appointment of non-executive board members.	● The Chair is a member of the Nominations and Appointments Committee of the Board and as such has a clearly defined role in the appointment of Governors.
	27.	The duties, role and responsibilities, terms of office and remuneration of the Chair should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements.	● The Chair is aware of the duties and responsibilities associated with his role. The position is unremunerated. Pursuant to the Royal Charter the Chair <i>may not serve in office for more than nine years in aggregate</i> . <sup>51</sup>  In consultation with the Chief Executive and the Board Secretary, the Chair sets the Board's agenda and ensures that adequate time is available for discussion of all agenda items.

<sup>51</sup> Article 6(f).

ROLES AND RESPONSIBILITIES Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The Chair is responsible for leadership of the board and for ensuring its overall effectiveness.</b>	<b>27.</b> Cont.			<p>The Chair promotes a culture of openness and debate by facilitating the effective contribution of the Executive members.</p> <p>The Chair ensures that the Governors receive accurate, timely and clear information. In this regard Board papers are distributed one week in advance of each meeting. In addition to a limited number of hard copies of papers, the Board pack is distributed to tablet devices using the ICSA platform <a href="#">BoardPad</a>. 9 of the 15 Governors receive materials in a digital format only.</p>
	<b>28.</b>	<p>The responsibilities of the Chair will normally include representing the public body in discussions with Ministers;</p> <ul style="list-style-type: none"> <li>– advising the sponsoring Department and Ministers about board appointments and the performance of individual non-executive board members;</li> <li>– ensuring that non -executive board members have a proper knowledge and understanding of their corporate role and responsibilities. The Chair should ensure that new members undergo a proper induction process and is normally</li> </ul>		<p>The Chair is aware of and discharges the responsibilities listed.</p>

ROLES AND RESPONSIBILTIES Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
The Chair is responsible for leadership of the board and for ensuring its overall effectiveness.	28. cont.	responsible for undertaking an annual assessment of non-executive board members’ performance;  – ensuring that the board, in reaching decisions, takes proper account of guidance provided by the sponsoring department or Ministers.  – ensuring that the board carries out its business efficiently and effectively;  – representing the views of the board to the general public; and  – developing an effective working relationship with the Chief Executive and other senior staff.		The Chair is aware of and discharges the responsibilities listed.
	29.	The roles of Chair and Chief Executive should be held by different individuals		In accordance with best practice, the roles of Chair and Chief Executive at the BFI are not exercised by the same individual

ROLES AND RESPONSIBILITIES Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
As part of their role, non-executive board members provide independent and constructive challenge.	30.	<p><b><i>Role of Non-Executive Board Members</i></b></p> <p>There should be a majority of non-executive members on the board.</p>	●	The Board is comprised of 15 non-executive Board members.
	31.	There should be a formal, rigorous and transparent process for the appointment of non-executive members of the board. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments.	●	A formal process for the appointment of non-executive members is in place and can be accessed <a href="#">here</a> . The process adheres to the spirit of the Code of Practice issued by the Commissioner for Public Appointments but has been tailored to reflect the BFI's status as both an NDPB and a registered charity.
	32.	The duties, role and responsibilities, terms of office and remuneration of non-executive board members should be set out clearly and formally defined in writing.	●	<p>Governors are required to adhere to the written Code of Conduct for BFI Governors (the Code) approved by the Board in January 2013. The Code can be accessed <a href="#">here</a>. The Code is consistent with the Code of Conduct for Board Members of Public Bodies (June 2011) issued by the Cabinet Office. It is in addition to the obligations outlined in the Royal Charter and any regulation or policy approved by the Board from time to time.</p> <p>The Code specifically lists the role and responsibilities of the Governors. They include, <i>inter alia</i>:</p>

ROLES AND RESPONSIBILITIES Cont.				
PRINCIPLE	SUPPORTING PROVISION	COMPLY	EXPLAIN	
As part of their role, non-executive board members provide independent and constructive challenge.	32. Cont.		<p><b>Role</b></p> <p>Governors have and must accept ultimate responsibility for the strategic direction of the BFI, and ensuring that it is solvent, well-run, and delivering its charitable objectives and strategic aims.</p> <p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>– Governors should play a full and active role in the work of the BFI. They should fulfil their duties and responsibilities conscientiously and, at all times, act in good faith and in the best interests of the BFI.</li> <li>– Governors must comply with any statutory or administrative requirements in relation to their role. This includes, but is not limited to, the duties of a Trustee under charity law.</li> <li>– The Board of Governors adheres to the principle of collective responsibility. However, pursuant to the Royal Charter, in instances where a formal vote is required, a matter before the Board shall be decided by a majority of votes. The decision of the majority should be respected by all Governors.</li> <li>– When speaking as a Governor of the BFI the principle of collective responsibility for decisions should be observed. When speaking in a personal capacity Governors should make it clear that they are not speaking on behalf of the BFI.</li> <li>– In the event of unsolicited contact by the media, Governors shall alert the Board Secretary as soon as possible who will in turn inform the Director of Marketing and Communications.</li> </ul>	

ROLES AND RESPONSIBILITIES Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
As part of their role, non-executive board members provide independent and constructive challenge.	32. Cont.			<p>In addition to the Code, the Board adheres to the Seven Principles of Public Life as enunciated by the Nolan Committee and promoted by the Committee on Standards in Public Life. These principles inform the actions and decisions of all Governors.</p> <p>The terms of appointment of BFI Governors are determined by the Royal Charter. Pursuant to Article 6(f) <i>an individual shall not be appointed to be a Governor for a first term of more than three years and shall be eligible for re-appointment for a second term of up to three years. No Governor is permitted to serve more than two terms of office.</i></p> <p>The position is unremunerated.</p>
	33.	Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements.	●	The position of BFI Governor is unremunerated.
	34.	The corporate responsibilities of non-executive board members (including the Chair) will normally include:	●	The Governors are aware of and discharges the responsibilities listed.



ROLES AND RESPONSIBILTIES Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
As part of their role, non-executive board members provide independent and constructive challenge.	34. cont.	<ul style="list-style-type: none"><li>– establishing the strategic direction of the public body (within a policy and resources framework agreed with Ministers);</li><li>– overseeing the development and implementation of strategies, plans and priorities;</li><li>– overseeing the development and review of key performance targets, including financial targets;</li><li>– ensuring that the public body complies with all statutory and administrative requirements on the use of public funds;</li><li>– ensuring that the public body complies with all statutory and administrative requirements on the use of public funds;</li></ul>		The Governors are aware of and discharges the responsibilities listed.

ROLES AND RESPONSIBILTIES Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
As part of their role, non-executive board members provide independent and constructive challenge.	34. Cont.	<ul style="list-style-type: none"><li>– ensuring that the board operates within the limits of its statutory authority and any delegated authority agreed with the sponsoring department;</li><li>– ensuring that high standard of corporate governance are observed at all times. This should include ensuring that the public body operates in an open, accountable and responsive way; and</li><li>– representing the board at meetings and events as required.</li></ul>		The Governors are aware of and discharges the responsibilities listed.
	35.	All non-executive Board members must be properly independent of management.	●	All Governors are properly independent of management.
	36.	All non-executive board members must allocate sufficient time to the board to discharge their responsibilities effectively.	●	The allocation of sufficient time by Governors to discharge their responsibilities effectively is consistently monitored. Pursuant to the Code, unless good reason has been communicated to the Chair in advance, if Governors are absent for more than three successive ordinary meetings of the Board they may be removed from office.


ROLES AND RESPONSIBILTIES Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
As part of their role, non-executive board members provide independent and constructive challenge.	37.	Details of board attendance should be published (with an accompanying narrative as appropriate).	●	Details of Board attendance are published in the Annual Report and Financial Statements.
	38.	There should be a proper induction process for new board members. This should be led by the Chair. There should be regular reviews by the Chair of individual members’ training and development needs	●	<p>New Governors receive formal induction training structured by the Board Secretary. In addition to a detailed orientation from the Chief Executive, members of the Executive team provide a comprehensive outline of the nature and workings of their Department during the training.</p> <p>The most recent induction session took place on 24 April 2014. An outline of the session as provided to attendees can be accessed <a href="#">here</a>. A sample of two presentations provided to attendees during the morning session can be accessed <a href="#">here</a>.</p> <p>Pursuant to the Code of Conduct for BFI Governors, <i>upon appointment Governors must commit to attending induction training for two half days over a three month period.</i><sup>52</sup></p> <p>In advance of attending the induction sessions, new Governors are furnished with a suite of documentation pertaining to their new role. The documents include:</p>

<sup>52</sup> Article 3.6.

ROLES AND RESPONSIBILITIES Cont.				
PRINCIPLE	SUPPORTING PROVISION	COMPLY	EXPLAIN	
As part of their role, non-executive board members provide independent and constructive challenge.	38. Cont.		<ul style="list-style-type: none"> <li>– <i>An Introduction to the BFI</i> - A document detailing the Governance Structure of the BFI, the Executive Board and Senior Managers, sources of funding and key partners;</li> <li>– Film Forever, The BFI Plan 2012-17;</li> <li>– BFI Board of Governors Code of Conduct;</li> <li>– BFI Board of Governors Standing Orders (these can be accessed <a href="#">here</a>);</li> <li>– BFI Royal Charter;</li> <li>– A Complete set of Board minutes for the preceding twelve months;</li> <li>– BFI Annual Report and Financial Statements 2012;</li> <li>– BFI DCMS Management Agreement 2012-2015;</li> <li>– An Outline of the obligations of Trustees of the BFI, and;</li> <li>– Charity Commission Guidance - The Essential Trustee</li> </ul> <p>This induction pack can be accessed <a href="#">here</a>. In addition to the pack, new Governors are also provided with a separate copy of the most recent <a href="#">BFI Annual Review</a>.</p> <p>Pursuant to the Code of Conduct for BFI Governors, Governors must inform the Chair of any training requirements as they arise. Appropriate training will then be organised by the Board Secretary regular review are also undertaken in this regard.</p>	

EFFECTIVE FINANCIAL MANAGEMENT				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.	39.	<b><i>Annual Reporting</i></b> The body must publish on a timely basis an objective, balanced and understandable annual report. The report must comply with HM Treasury guidance	●	The BFI publishes an Annual Report and Financial Statements on an annual basis that complies with HM Treasury guidance.
	40.	<b><i>Internal Controls</i></b> The public body must have taken steps to ensure that effective systems of risk management are established as part of the systems of internal control.	●	<p>The system of internal control is designed to manage to a reasonable level rather than to eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.</p> <p>The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of BFI policies, aims and objectives, to evaluate the likelihood of those risks being realised and should they be realised, to manage them efficiently, effectively and economically. The system of internal control includes adequate arrangements for detecting and responding to inefficiency, conflict of interest and fraud, and prioritises those risks associated with the custody of assets and potential loss of Exchequer and Lottery grants.</p>

EFFECTIVE FINANCIAL MANAGEMENT Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.	40. Cont.			<p>The Accounting Officer and Chair of the Governors have overall responsibility for the BFI's risk management framework, and are supported in its implementation by the Executive and Senior Management Team who are trained and equipped to assess and manage risk in a way appropriate to their authority and duties.</p> <p>The Audit Risk and Governance Committee (ARG) gives independent advice and guidance to the Accounting Officer and Chair, and to the Board of Governors as a whole, on the adequacy of audit arrangements (both internal and external) and on the implications of assurances provided in respect of risk and control at the BFI.</p> <p>In line with Cabinet Office guidance in relation to information risk, the Finance Director is the Senior Information Risk Owner. Working with the Internal Auditor, all the systems and databases operated by the BFI are kept under review and periodic updates provided to the ARG Committee.</p>
	41.	The public body must have taken steps to ensure that an effective internal audit function is established as part of the systems of internal control. This should operate to Government Internal Audit Standards and in accordance with Cabinet Office guidance	●	Moore Stephens act as Internal Auditors for the BFI. All internal audit reports are considered by the Business Planning and Performance Committee in advance of being considered by the ARG Committee. The Annual Audit plan is brought to the ARG Committee for approval. Moore Stephens operates to Government Internal Audit Standards.

EFFECTIVE FINANCIAL MANAGEMENT Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.	42.	There must be appropriate financial delegations in place. These should be understood by the sponsoring department, by board members, by the senior management team and by relevant staff across the public body. Effective systems should be in place to ensure compliance with these delegations. These should be regularly reviewed		Appropriate financial delegations are in place as follows:

EFFECTIVE FINANCIAL MANAGEMENT Cont.				
PRINCIPLE		SUPPORTING PROVISION	COMPLY	EXPLAIN
The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.	42. Cont.			<p><b>Lottery Funding</b> <i>Proposed Limit</i></p> <hr/> <p>Minuted approval by a simple majority of the Board of Governors. <span style="float: right;">Over £2,000,000</span></p> <hr/> <p>Minuted approval by the Lottery Finance Committee as set out in the document "Lottery Funding Schemes, Policies and Procedures". <span style="float: right;">Up to £2,000,000</span></p> <hr/> <p>* In the absence of either the Chief Executive or Director of Finance &amp; Resources, the role of co-signatory can be delegated to another Director.</p> <p>These financial delegations were approved by the Board in March 2011 and are reviewed regularly.</p>
	43.	There must be effective anti-fraud and anti-corruption measures in place.	●	<p>The BFI maintains a Fraud Policy that is contained with the Financial Procedures Manual. It requires all staff to act honestly and with integrity and to safeguard the public resources for which they are responsible. Governors, employees and the general public are encouraged to raise any concerns they may have in respect of fraud and corruption. A number of different channels for communication are available, including line managers, auditors, senior officers, and Governors.</p> <p>The BFI has in place a clear network of systems and procedures to prevent and detect fraud and corruption. These arrangements keep pace with any future developments in techniques for preventing and detecting fraudulent activity.</p>



EFFECTIVE FINANCIAL MANAGEMENT Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.	44.	There must be clear rules in place governing the claiming of expenses. These should be published. Effective systems should be in place to ensure compliance with these rules. The public body should proactively publish information on expenses claimed by board members and senior staff.		Governors are entitled to recover expenses reasonably and necessarily incurred through the course of their duties. Governors are required to be mindful of the need to incur expenses by the most cost effective means available, consistent with completing their duties effectively and recognising the various demands on their time.
	45.	The annual report should include a statement on the effectiveness of the body's systems of internal control.	●	The annual report includes a statement on the effectiveness of the BFI's systems of internal control.
	46.	<p><b>Audit Committee</b></p> <p>The board should establish an audit (or audit and risk) committee with responsibility for the independent review of the systems of internal control and of the external audit process</p>	●	<p>The Board has established an ARG Committee responsible for reviewing the effectiveness of processes, structure and controls used to direct, manage and account for the business and affairs of the BFI, with the ultimate objective of realising its true potential and value as a public service to the nation. In addition the ARG Committee is responsible for:</p> <ul style="list-style-type: none"> <li>– considering the BFI Annual Report and accounts and any presentational issues arising and to recommend acceptance to the Board;</li> <li>– reviewing the appointment of the external auditors and recommend any changes considered necessary to the Board;</li> </ul>

EFFECTIVE FINANCIAL MANAGEMENT Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.	46. Cont.			<ul style="list-style-type: none"> <li>– receiving reports from external auditors;</li> <li>– reviewing the auditors' remuneration each year;</li> <li>– receiving all internal audit reports (including governance reports) and value for money studies completed during the year;</li> <li>– advising the Board on any audit or governance matters that arise.</li> </ul>
	47.	<p><b>External Auditors</b></p> <p>The body should have taken steps to ensure that an objective and professional relationship is maintained with the external auditors</p>	●	<p>The BFI is audited by the National Audit Office on an annual basis. In addition to contact with the Finance function throughout the year, the Director of the NAO, Keith Lloyd, and colleagues are in attendance at every meeting of the ARG Committee which facilitates the maintenance of an objective and professional relationship.</p>

COMMUNICATIONS				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
The Public Body is open, transparent, accountable and responsive.	48.	<b><i>Communications with Stakeholders</i></b>  The public body should have identified its key stakeholders. It should establish clear and effective channels of communication with these stakeholders.	●	Individual relationships exist with our funded partners, with DCMS and with other Lottery bodies and there is a good flow of communication through these relationship channels. Our industry stakeholders receive regular news and updates from the BFI through a monthly online newsletter, occasional bulletins and through a printed newspaper giving Film Fund news every 6 months.
	49.	<b><i>Communications with the Public</i></b>  The public body should make an explicit commitment to openness in all its activities. It should engage and consult with the public on issues of real public interest or concern. This might be via new media.	●	<p>The BFI is transparent in its operations and publishes funding award information on its website, alongside annual reports, minutes from Governing Board meetings and news announcements. Details of the public cultural programme are also published on the site.</p> <p>The BFI also maintains a <a href="#">Twitter</a> account and <a href="#">Facebook</a> page that is regularly updated.</p> <p>In November 2013 The BFI also engaged in a series of road shows across the UK, to consult with stakeholders and the general public in relation to the ongoing implementation of Film Forever and any other matters of concern to the industry.</p>

**COMMUNICATIONS Cont.**

PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The Public Body is open, transparent, accountable and responsive.</b>	<b>49.</b> Cont.			<p>An example of recent consultation and public engagement relates to the emerging Education Strategy. The Board reviewed the first iteration in February 2014 in advance of a period of consultation that will enhance and refine the strategy in advance of further consideration by the Board.</p> <p>At the request of the Board he BFI is also consulting with industry stakeholders in relation to the implementation of a Diversity Test for Film Fund applications.</p>
	<b>50.</b>	It should publish details of senior staff and boards members together with appropriate contact details.	●	Details of Senior staff and Board members are listed on bfi.org.uk <a href="#">here</a> (Governors) and <a href="#">here</a> (Executive).
	<b>51.</b>	The public body should consider holding open board meetings or an annual open meeting.	✗ ●	No consideration has been given to holding open Board meetings or an annual open meeting. However, the BFI holds a series on annual road shows (11 in 2013) that are open to members of the industry and public alike. Attendees are free to raises any matters with BFI Executive members or Senior Staff at these meetings.
	<b>52.</b>	The public body should proactively publish agendas and minutes of board meetings.	●	Minutes of Board meetings dating back to 2007 are published on bfi.org.uk ( <a href="#">here</a> ).
	<b>53.</b>	The public body should proactively publish performance data.	●	Key Performance Indicators are published on an annual basis in the Annual Report. In addition, and as noted in Film Forever, the BFI provides updates on our funding schemes. An annual progress report and can be found <a href="#">here</a> .

**COMMUNICATIONS Cont.**

PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The Public Body is open, transparent, accountable and responsive.</b>	<b>54.</b>	In accordance with transparency best practice, public bodies should consider publishing their spend data over £500. By regularly publishing such data and by opening their books for public scrutiny, public bodies can demonstrate their commitment to openness and transparency and to making themselves more accountable to the public.	✗ ●	Consideration has historically been given to publishing spend over a certain amount on bfi.org.uk. This initiative will be considered further in the future by the Business Planning and Performance Committee that will in turn make a recommendation to the Executive Board. The rationale for not undertaken publishing of this nature is that it would be incredibly resource intensive, placing significant additional pressure on staff.
	<b>55.</b>	The public body should establish effective correspondence handling and complaint procedures. These should make it simple for members of the public to contact the public body and to make complaints. Complaints should be taken seriously. Where appropriate, complaints should be subject to investigation by the Parliamentary Ombudsman.	●	The BFI operates a comprehensive feedback and complaints procedure that can be accessed via <a href="#">here</a> on bfi.or.uk.
	<b>56.</b>	The public body should monitor and report on its performance in handling correspondence	✗ ●	The BFI does monitor performance on handling correspondence but has not reported on this in the last two years. Going forward it is proposed that the BFI report accordingly.

**COMMUNICATIONS Cont.**

PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The Public Body is open, transparent, accountable and responsive.</b>	<b>57.</b>	<b><i>Marketing and PR</i></b> The public body must comply with the Government's conventions on publicity and advertising.	●	DCMS and the Cabinet Office occasionally issue guidance and directives for NDPBs on areas of communication which the BFI complies with where appropriate.
	<b>58.</b>	These conventions must be understood by board members, senior managers and all staff in press, communication and marketing teams.	●	These guidance notes are circulated internally and to the Board of Governors as appropriate.
	<b>59.</b>	Appropriate rules and restrictions must be in place limiting the use of marketing and PR consultants.	●	The BFI carries out all of its communications, marketing and PR activity internally, unless it outsourcing is necessary for the reason of resource shortage, gap in skills, or specialist knowledge.
	<b>60</b>	The public body should put robust and effective systems in place to ensure that the public body is not, and is not perceived to be, engaging in political lobbying. This includes restrictions on board members and staff attending Party Conferences in a professional capacity.	●	The BFI enjoys a healthy working relationship with Government and across different departments. It does not undertake any lobbying except in circumstances where it is doing so in the interests and behalf of the film and screen industries as a whole – for instance around tax reliefs for creative industries; the EU Cinema Communication; copyright exceptions etc. The BFI does not attend Party Conferences at an organisational or professional level.

CONDUCT AND BEHAVIOUR				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<p>The board and staff of the public body work to the highest personal and professional standards.</p> <p>They promote the values of the public body and of good governance through their conduct and behaviour.</p>	61.	<p><b>Conduct</b></p> <p>A Code of Conduct must be in place setting out the standards of personal and professional behaviour expected of all board members. This should follow the Cabinet Office Code. All members should be aware of the Code.</p>	●	A Code of Conduct is in place setting out the standards of personal and professional behaviour expected of all Governors. It can be accessed <a href="#">here</a> . The Code is consistent with the Code of Conduct for Board Members of Public Bodies (June 2011) issued by the Cabinet Office. It is in addition to the obligations outlined in the Royal Charter and any regulation or policy approved by the Board from time to time.
	62.	The Code should form part of the terms and conditions of appointment.	●	All Governors and staff members are aware of their responsibility to comply with the code of conduct.
	63.	The public body has adopted a Code of Conduct for staff. This is based on the Cabinet Office model Code.	●	The Code of Conduct for staff is the same as that in place for Governors, with slight amendments as required.
	64.	All staff should be aware of the provisions of the Code. The Code should form part of the terms and conditions of employment.	●	All staff members are aware of their responsibility to comply with the code of conduct.

CONDUCT AND BEHAVIOUR Cont.				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The board and staff of the public body work to the highest personal and professional standards.</b>  <b>Etc.</b>	65.	There are clear rules and procedures in place for managing conflicts of interest.	●	The BFI Conflict of Interest Policy is appended to the Code of Conduct. The Policy makes provision for the declaration of an interest at a Board or Committee meeting. Section 6 of the Code deals specifically with Declaration of Interests and Managing Conflicts.
	66.	There is a publicly available Register of Interests for board members and senior staff. This is regularly updated.	●	<p>A Register of Interests is maintained by the Board Secretary.</p> <p>The Register is divided into two parts. Part one contains declarations of interests made by Governors. All other declarations are contained in Part two. Part one of the register of interests is available for inspection by appointment by any person during office hours at the BFI’s head office. The register of interests may be inspected at any time by a Governor, member of the Executive Board or staff engaged in procurement or due diligence in relation to Lottery applications.</p> <p>A person to whom the policy applies is required, throughout the tenure of their appointment or period of employment, to amend and update their declaration as soon as any change occurs and notify the Board Secretary accordingly by email or in writing. On an annual basis the ARG Committee formally review the Register of Interests, making recommendations and observations to the Board of Governors as appropriate.</p>



## CONDUCT AND BEHAVIOUR Cont.

PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The board and staff of the public body work to the highest personal and professional standards.</b> <b>Etc.</b>	67.	There are clear rules and guidelines in place on political activity for board members and staff. There are effective systems in place to ensure compliance with any restrictions.	●	In accordance with the Code of Conduct for Governors (Section 5), it will always be considered an improper use of public funds for the BFI to employ consultants or other companies to lobby Parliament, Government or political parties domestically. It may be appropriate, in certain circumstances, for the BFI to use public funds for lobbying in a European context for the benefit of the British Film industry.
	68.	<p><b>Leadership</b></p> <p>There are rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement. These are effectively enforced.</p> <p>Board members and senior staff should show leadership by conducting themselves in accordance with the highest standards of personal and professional behaviour and in line with the principles set out in respective Codes of Conduct.</p>	<p>✗</p> <p>●</p>	<p>There are currently no rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement. The role of Governor at the BFI is an unremunerated position and the imposition of such roles is considered unnecessarily burdensome. Further, the existence of such rules may serve to deter the highest calibre candidates from assuming the position.</p> <p>The Code of Conduct reflects the BFI's commitment to observe the highest standards of propriety involving integrity, impartiality and objectivity with respect to the stewardship of public funds and the governance of the BFI.</p>

**ANNEX I- Archive Access Comparators<sup>i</sup>**

<b>2013/14</b>	<b>Research Visits</b>	<b>Cinema Admissions</b>	<b>Distribution nationwide and International / cinema admissions</b>	<b>DVD Sales/ DVDs released</b>	<b>Video On Demand</b>	<b>TV Co-productions (viewing figures)</b>
BFI	6237	293,000	522,000	285,000/33	107,900*	2,028,000
EYE Film Institute Netherlands	unknown	215,000	none	none	unknown	none
MOMA, NY	288	156,341	none	none	none	none
Filмотека Española, Madrid	292	141,730	none	none	approx. 10k	none
CNC, Paris	unknown	85,000	none	3 released	none	none
The Danish Film Institute / Archive & Cinematheque, Copenhagen	unknown	106,000	none	none	none	none
Cinemathek / Royal Belgian Film Archive, Brussels	176	91,500	not available	4 released	none	none
Pacific Film Archive, USA	294	36,436	none	none	none	none
University of California, Los Angeles	5,822	49,000	none	none	none	
George Eastman House	66	38,000	none	none	none	none
Imperial War Museum	not available	22,000	none	none	none	none

\*BFI Player, Screenonline and Mediatheque, but not YouTube (2.3m)

<sup>i</sup> Data provided by BFI