



VisitBritain™

Business Plan

2015–2016

Summary

We start the year on the back of continued good export figures. 2014 saw another record breaking year with 34.8 million visitors spending £21.7 billion – that makes inbound tourism one of Britain’s most successful export industries. However, the inbound figures for the first couple of months of 2015 have not been so positive (spend down 14% and visits down 3%) indicative of heavier weather ahead as the weakness of the Eurozone starts to bite.

VisitBritain’s remit has been confirmed in a triennial review published by our sponsoring department, the Department for Culture, Media and Sport, in March. VisitBritain is accountable for the international tourism promotion of Britain, its nations and regions through the GREAT campaign and the management of an international marketing budget in partnership with the National Tourism Boards. The recommendations also gave us regional dispersal targets, set by DCMS and a move back into business visits and events – though this activity is as yet unfunded. With this clarity of remit, VisitBritain and VisitEngland will also be formally separated into two executive NDPBs . A detailed triennial implementation plan is in development by VisitBritain, VisitEngland and DCMS.

VisitBritain’s strength is our understanding of international markets and customers. We know what motivates overseas customers to travel and how to inspire them to choose Britain. Our overseas network ensures that we have market experts, able to deliver on the ground where it matters. As such we are an asset for all the nations and regions of Britain and the travel industry interested in building British exports.

Focusing on 22 international markets (and market clusters) we invest in the high volume/high value markets such as Europe and North America as well as in the growth markets, such as the Gulf and China. Collectively these source markets generate 71% of spending by international visitors to Britain.

Working with partners in the UK and overseas, we aim to ensure that Britain is marketed in an inspirational and relevant way around the world. Thanks to our strong relationship with other GREAT partners such as UKTI , FCO and the British Council we extend the reach and influence of tourism as well as continuing to boost the image of Britain overseas, contributing to Britain’s soft power agenda.

We have been hugely successful in raising private sector contributions to our campaigns by working with airlines and operators, and global brands such as the English Premier League. We are working on a new partnership strategy to develop the range and effectiveness of our partnership activity. VisitBritain operates an online shop, which is forecast to raise a net profit of £1.6 million in 2015/16. This profit is reinvested into our marketing activity.

We also act as an advisor to Government and industry on tourism, particularly on issues which affect the UK’s international competitiveness, providing policy solutions, market intelligence and customer insights. This is likely to be a challenging year with potentially a new Government and Ministers after a May election at Westminster, followed quickly by a comprehensive spending review that is targeted to report in October/November 2015, setting our budgets for the next 4 to five years. While our budgets are allocated for 2015/16 this may necessitate changes during the life cycle of this business plan.

Tourism Performance

Visitors from overseas spent a record £21.7bn in the UK during 2014. This represents growth of 3.4% in nominal terms and 1.9% in real terms on the year before and is equivalent to spending of virtually £700 per second.

The real-terms increase in spending during 2014 is sufficient to support an additional 7,700 jobs and all nations of the UK look set to be on course for having seen increased visitor spending.

2014 brought record numbers of visits from overseas too, at 34.8 million this was 6.1% up (equivalent to an increase of 2 million) on 2013. Inbound tourism is helping to grow the British economy at a time when domestic tourism demand is softer.

Visitors come to Britain for a host of reasons and during 2014 we witnessed an increase in each of the major categories. Business visits continue to recover from the global financial crisis and have now had five straight years of growth. At just less than ten million, visits to see friends or relatives are now back on a par with 2008 but it is holiday visits that have again smashed records with a further 8.1% jump to 13.8 million, meaning that Britain welcomed 3 million more holiday visits in 2014 than back in 2009.

Growth in spending has come from a diverse array of markets in the past year with figures through to September 2013 revealing an annual rise in spending from short-haul high volume markets such as Germany (+9%) and Sweden (+23%) and from what remains by far our most valuable source market of the USA (+13%). Although very encouraging, growth from the US still has some way to go before we return to the record 4.1 million visits that took place back in 2000.

China has cemented its position as the world's most valuable outbound tourism market and in the year to September 2014 visitors from China spent a record £499m in Britain. Visitors from the Middle East mirror those from China in spending much more than does the typical visitor and in the past year we have seen double-digit growth in spending from Kuwait, Qatar and Saudi Arabia.

Emerging markets are slowly growing into significant sources of international visitor expenditure, but currently Brazil, Russia, India and China combined are worth just over £1 billion to the UK – around 60% of the value of the US market. China is now the most valuable source market for tourism in the world – but there is a land grab taking place and over the past decade the UK has seen slower growth in arrivals from China than has the USA, Canada, Australia and even New Zealand.

The last two years have seen almost all other parts of the UK grow faster than London – (during the first 9 months of 2014 the number of visits to London increased by 6%, +14% to Wales, Scotland +12%, +6% rest of England, with a particularly strong performance of +12% for Yorkshire). VisitBritain will continue to focus on this rebalancing of the economy with activity such as the Countryside is GREAT campaign.

Looking to 2015 we are forecasting 2.5% more visits and a 4.5% jump in visitor spending but recognise that there are a number of downside risks including the strength of sterling against the euro, though on the upside visitors from the USA are able to enjoy very favourable exchange rates this year.

The world continues to have a very positive view of Britain and in the 2014 Anholt Nations Brand Index survey we were the world's 5th most aspirational destination to visit were money no object, up one place on 2013. The survey makes clear that there are real opportunities for us to grow the appreciation that the world has for our scenic natural beauty for which we are currently ranked 20th out of fifty nations.

Britain's continues to see growth to regional airports with new air routes linking New York to Birmingham and Edinburgh, Newark to Newcastle, Delhi to Birmingham to Edinburgh, Abu Dhabi to Edinburgh, and Beijing and Hong Kong to Manchester. Improvements to our visa regime and the abolition of Air Passenger Duty for children aged under 12 further enhance Britain's competitiveness for attracting international visitors.

Looking forward – a difficult year to predict

For 2015 there are, as is always the case, a number of uncertainties to consider when forecasting the likely outturn in inbound volume and value:

- The global economic outlook remains highly uncertain with the Eurozone potentially heading back into recession with the added risk of deflation
- With worries about the global economy mounting the price of oil is currently at a four-year low, which in theory is good news for international travel as it will help put downward pressure on travel costs

- Away from developed economies China, and other emerging economic powers including Brazil and India, remain stable and continue to see strong growth in disposable incomes.
- Geopolitical tensions are currently tense, with the West and Russia at loggerheads over Ukraine, a growing coalition of nations taking military action against 'Islamic State' militants in Syria and Iraq, and an ongoing insurgency in parts of northern Nigeria
- A distinct upside risk in terms of traffic from Asia is the possibility that new routes deliver a step change in Britain's accessibility, for example British Airways will be launching direct flights from Kuala Lumpur to Heathrow in May 2015
- Allied to the economic uncertainties there is potential for unexpected and sharp movements in relative exchange rates which can significantly impact on the volume of visitors in the longer term, and how much existing visitors spend in the short-term. In recent weeks the pound has appreciated markedly against the Euro to stand at around €1.37, up from €1.20 a year ago, whereas the pound has softened against the US dollar to below \$1.50. There is a realistic chance that the pound will strengthen as the UK economy continues to improve which puts downward pressure on the spending power of overseas visitors to Britain. During 2014 visitors from markets including Argentina and Russia have seen the spending power of their currency against sterling fall dramatically, highlighting the important role that exchange rate fluctuations can have
- Reforms to APD help make Britain more cost competitive for visitors from ultra-long-haul source markets such as Australia, and under 12s become exempt from APD in May 2015
- There could be other reforms to taxes paid by consumers (domestic or visitors) after the 2015 General Election
- Few major changes in Britain's transport infrastructure are expected in 2015 but capacity at some airports, including Heathrow, will continue to grow as more airlines take delivery of Airbus A380 aircraft
- Alongside Britain's regular menu of major events such as Premier League football, Wimbledon, Glastonbury and the like, 2015 will see England host the Rugby World Cup

Our business

To build the value of tourism to Britain, working in partnership with the industry and nations and regions to generate additional visitor spend.

In April 2013, VisitBritain set out a long-term tourism strategy with the aspiration to attract £31.5 billion in spending from 40 million overseas visitors to Britain by 2020, and thereby create a further 200,000 jobs across the length and breadth of the UK. To do this, we are working with others to build on our international image, engage further with the travel trade, broaden the product range on offer for tourists and make it easier to get to Britain.

The Triennial Review

In March 2015 DCMS published the findings of the Triennial Review into VisitBritain and VisitEngland. This found that the functions delivered by the two organisations should be retained and that there was a continuing need for Government intervention.

The Triennial Review reaffirmed VisitBritain's remit.

VisitBritain is accountable for the tourism promotion of Britain, its nations and regions, overseas. This will be delivered through the GREAT campaign and the management of an international marketing budget, in partnership with VisitEngland, VisitScotland and Visit Wales.

It recommended that VisitBritain and VisitEngland should be formally separated into two executive NDPBs with VisitBritain focusing mainly on international marketing while VisitEngland should focus mainly on supporting the development of high quality tourism products in England. VisitEngland would manage a challenge fund to develop a range of world class tourism experiences that would be marketed domestically by VisitEngland and internationally by VisitBritain. It directed that VisitEngland would cease all international marketing.

The triennial review concluded that VisitBritain should have regional dispersal targets, set by DCMS.

VisitBritain will, as a result of the Triennial Review:

- Generate customer insight, analysis, and generate commercial partnerships to support the growth of inbound tourism
- Draw up a high level annual marketing plan in consultation with VisitEngland, VisitScotland and Visit Wales. VisitBritain will then be accountable for its delivery
- Support VisitEngland's challenge fund, providing international consumer insights and delivering the agreed international promotion of English products overseas
- Undertake international business events promotion at a Britain level alongside other GREAT partners and where appropriate, the national tourist boards

These roles will in turn be fulfilled by a set of core capabilities. These are:

- Strategy, research, insights
- Partnerships
- B2B
- Digital and content
- B2C
- Route development
- BV&E
- Retail
- Communications
- Advocacy to Government
- Shared services

These roles and capabilities provide the framework within which the Business Plan for 2015/16 has been developed.

The VisitEngland Challenge fund is not in place for 2015/16, however a number of funded projects have been announced, such as the Northern Futures fund, which will be regarded as precursors for this way of working. To assist VisitEngland in its year of transition VisitBritain has agreed to fund from its core budget the international promotion of the Rugby World Cup and stands at several high-profile business tourism events.

A triennial implementation plan is jointly being developed by VisitBritain, VisitEngland and DCMS.

Corporate priorities in 2015/16

Delivery

- Drive the tourism promotion of Britain, its nations and regions overseas
- Continue to deliver the GREAT tourism programme, including the GREAT UK Challenge fund and the FCO managed GREAT Challenge funds
- Deliver on regional dispersal targets as set by DCMS
- Undertake international business events promotion at a Britain level, working alongside UKTI and other GREAT partners and for England, when funded
- Work with partners to maximise the tourism benefits of the Rugby World Cup through international PR, digital and social media promotion in core and nurture markets
- Support the development and delivery of funded projects including Northern Futures, Loch Ness and Inverness, Yorkshire, South West and Chinese Visa projects

Business improvement

- Develop our partnership strategy with a view to growing overall amount of funding
- Continue to deliver the digital transformation programme across VisitBritain's platforms
- Enhance business process frameworks to improve effectiveness of decision making

Tourism Affairs

- Collect and analyse market insights to support industry, guide our activity and advise Ministers and political parties on tourism pre and post-election
- Develop and implement our strategy in response to the comprehensive spending review post-election

Organisational

- Work through the recommendations of the triennial review and deliver an agreed implementation plan
- Deliver the identified efficiency savings of £441,000 in Shared Business Services by the end of 2015/16
- Perform a review of Business Services, set priorities for implementation and reach a conclusion before end of 2015/16
- Maintain emphasis on the importance of evaluation processes and data based decision making
- Continue to develop our business acumen and grow commercial income from retail

The model – developing targets and outcomes

The Triennial Review pointed to a basket of measures around which to set our targets. These were: economic growth (overall tourism to the UK), volume and value (VisitBritain's direct contribution), and regional spread. In addition, there are internal targets on market share and financials (NGF income and efficiency).

Our approach to targeting has been guided by three key principles:

1. Data-driven targeting and prioritisation
2. Alignment with targets and priorities set by VisitEngland, Visit Scotland and Visit Wales
3. Identification and quantification of the trade-offs between different strategic options

Forecasts

We have worked from a set of economic forecasts produced by Tourism Economics, reflecting the macroeconomic model for each source market. Growth of 2% in visits and 2.1% in spend. This is slower than the 6% growth rate in visits seen in 2013-14, and slower than the 3% long-term average growth rate.

The growth seen in the past two years reflects bounce-back as a result of economic recovery, the feeding in of a 30% depreciation of sterling in the period after 2008, and awareness and perception benefits arising from the London 2012 Olympic & Paralympic Games and other events.

The VisitBritain Board expressed concerns that the 2015 forecast presented in November was too optimistic, given the situation in the Eurozone. Ongoing weakness in the Eurozone and a slowdown in emerging economies including China are reflected in the lower forecast growth rate.

Using this baseline forecast, we developed a set of three target options these were

- **Growth:** VisitBritain targets higher growth from emerging markets located outside Western Europe. *Assumption: long haul markets see growth of baseline plus 2%*
- **Maximising volume and value:** VisitBritain works to ensure inbound tourism to the UK grows at the same rate as for our competitor set, maintaining market share. *Assumption: the annual growth rate 2014-15 is 3%*
- **Regional spread:** VisitBritain targets markets with above average propensity to go beyond London. *Assumption: baseline plus 0.50% in markets where more than 50% of visits go beyond London*

Investment model

The baseline forecast, and the three scenarios each generated a set of figures on visits, spend and nights which were in turn fed into an investment model.

This model used existing data on the size and value of markets in 2020 (so as to be forward looking), booking habits and sources of influence on travellers in individual markets to generate a priority ranking of markets, and a set of targets (by nights) for each market, broken down on a channel by channel basis.

This means we have the capability to identify which markets are most important to deliver our overall targets, and which channels and activities are most important within those markets.

The investment model then applied our best estimate of ROI per channel to calculate a budget requirement to deliver the overall targets. The model demonstrated that in the short term the best growth in regional spread came from the growth scenario, i.e. growing the whole pie rather than simply redistributing, as it would take longer and increased funding to inspire the level of visits and hence spend needed out of London.

The baseline forecast and scenarios were presented to the Board in February, who reviewed the model, discussed market prioritisation and agreed a scenario for targets that sat between the growth and regional spread scenarios.

Delivery within the funding envelope

The next stage in business planning was the transition from an investment model which suggested where targets and spend should be allocated to a working set of budgets and targets for delivery within the funding envelope.

These budgets were then reviewed to reflect that markets will benefit from a range of sources of investment in tourism marketing: from core grant in aid (GIA), from the GREAT campaign, (where the investment levels are known) and from the

various funds - Northern Futures, South West, Tour de Yorkshire and Loch Ness and Inverness- where the investment levels by market are yet to be decided. The funds were used to offset some of the GIA investment.

The overall budget is based on the revised DCMS funding letter dated 2nd April 2015 (see Appendix 2). The total GIA and other Non-government match funding included in the budget are:

	£'000	Notes on Income
GIA - Core	19,628	
Other Grants		
<i>GREAT Funding</i>	15,000	<i>Per the allocation letter from DCMS</i>
<i>Visa Refund Scheme</i>	4,400	
<i>Additional (Tour de Yorkshire & Loch Ness)</i>	800	
Transfer (to)/from VE	150	<i>Agreed fund transfer between VB & VE from 2014/15</i>
Total GIA & Other Grant Funding - Resource	39,978	<i>Total Resource GIA funding from DCMS</i>
GIA Funding - Capital	186	<i>Capital GIA allocation from DCMS</i>
Other Non-government Income (NGF)		
<i>Partnership funding - Core</i>	1,467	<i>private sector cash match funding and contribution on campaigns, exhibitions, trades shows etc...</i>
<i>Partnership funding - GREAT</i>	3,750	
<i>B2B - NGF</i>	1,392	
Retail - Net Contribution	1,609	<i>this is the net contribution from retail after covering all costs,</i>
Other Income	629	<i>this includes income from Britain on view, rental income, interest etc...</i>
Total NGF	8,848	
Total Income (GIA, Other Grant & NGF)	49,012	

Appendix 1 gives detail income and expenditure budget with the 2014/15 budget comparisons.

In 2015/16, VisitBritain will deliver:

- £556 million of additional visitor spend
- A further £225 million of spend through GREAT campaign activity
- 1.2 million additional visitors to Britain
- Positive coverage in international media on Britain as a tourism destination worth £350 million

We are in discussion with the National Tourist Boards and London and Partners and DCMS on the development of regional targets, which will be confirmed post-election.

Risks and Opportunities

There are four key areas of uncertainty that have a potential impact on the budget for this year.

- **UK irrecoverable VAT.** The outcome of the HMRC business/non business VAT recovery method audit is still unknown. The estimated additional costs on core activity have been budgeted based on the worst case scenario and an additional contingency budget has been ring-fenced to cover this;
- **Pension triennial valuation.** The triennial valuation of the BTBP Scheme and the attendant deficit recovery plan are due to start soon. The impact of this valuation is unknown so provision of £554,000 has been made in the budget.
- **VisitEngland's separation** from VisitBritain is assumed to happen at the end of the financial year
- **Procurement.** The impact of Procurement Regulations and Government Spending Controls on how we work with our commercial partners.

Our activity

Inspiring visitors from overseas to explore Britain

Leading on from the triennial review recommendations VisitBritain will continue to be accountable for the tourism promotion of Britain, its nations and regions, overseas. We will do this through the continued delivery of the GREAT campaign as well as through tactical marketing promotions using our core GIA. We will work even more closely with the National Boards, drawing up a high level marketing plan in consultation with them, which we will then be responsible for delivering.

To assist VisitEngland in its transition post-triennial we have agreed to take on the international promotion of the Rugby World Cup and business visits and events activity at major trade shows. This is being funded from our core GIA.

We will also be supporting VisitEngland on its management of the contestable fund, providing international customer insights and delivering the agreed international promotion of English tourism product overseas. For 2015/16 this will be funded from the Northern Futures, the South West, the North East and the GREAT UK Challenge funds. We have additional moneys to promote Loch Ness and Inverness (£0.5 million in 2015/16) and Yorkshire around the Tour de Yorkshire (£0.3m in 2015/16).

We will continue to play a lead role in the GREAT campaign working with Government agencies and departments to position Britain as a great place to visit, study, invest in and do business with. In 2015/16 VisitBritain will invest £18.75 million in GREAT campaign activities to build Britain's image, and promote travel to the UK. This includes £15 million GREAT funding and £3.75 million raised from the private sector.

VisitBritain will continue to focus on global (multi-market), high-profile campaigns that deliver high awareness and return on investment (ROI), that allow us to deliver economies of scale and that reinforce our focus on marketing excellence, innovation and creativity. We will deliver a quality, inspirational campaign to increase awareness of Britain as a tourism destination and enhanced motivation to visit Britain using additional funding committed by Government across a balanced portfolio of markets that deliver value now, and in growth markets. This will include high profile above-the-line advertising.

Learnings from 2014/2015 have resulted in a focus on a more consolidated approach. We will deliver fewer but bigger impact themes – Culture, Countryside and Luxury, supported by maximising innovative opportunities (for example, tie-ins with the latest James Bond movie) and all the while ensuring all activities are data and insight. Building on our activity in 2014/15, we will place more focus on creating consortia of tourism product, industry associations, the national boards and destinations to maximise the product offer and ultimately conversion.

We will continue to evolve our social media presence to create advocates for the Britain brand – particularly those with a so-called 'Millennial mindset'. We are moving to maximise the opportunities of the new technology at our disposal by engaging in a dialogue with consumers.

In the field of PR, we will continue to focus on the delivering high quality coverage of Britain, whilst growing activity aimed at digital, social and broadcast media. We will track channel performance to establish the links between PR activity and user behaviours.

In 2015/16 we are redeveloping our suite of consumer digital platforms and eCRM programme to ensure that all customers using our core digital channels received content tailored to their (increasingly individual) needs. In tandem, our content strategy will take our content to other channels, such as major portals, commercial partner sites, travel sites, video search engines and blogs and independent Apps from the developer community, where customers are making destination choices, engaging them at critical moments. We will also harness user generated content and 3rd party endorsements to authenticate the experiences to be had in Britain.

Activities

Core

- Development and implementation of Partnerships Strategy
- Commercial partner marketing partnerships (to include carriers and OTAs) delivered in through the line bi-lateral campaigns
- Content creation, aggregation and distribution
- Brand guardianship and design support for the organisation
- Brand proposition development
- Development and transitioning of digital platforms including development of BV&E portal
- Digital marketing
 - E-CRM
 - SEO
 - Social media
- PR and Media Relations and Social Influencer activity
- Brand partnerships (e.g. PBS (Downton Abbey), English Premier League, Bond)
- Image bank for industry, media and partner use
- International Marketing Delivery of England funds
 - Northern Futures
 - SW fund
 - Tour de Yorkshire

GREAT

Single campaign idea supported by:

- Countryside is GREAT Campaign
- Culture is GREAT Campaign – integrating:
 - Love is GREAT (LGBT Campaign)
 - Luxury (including ILTM Asia)
 - Shakespeare
 - Bond
- Always on Digital activity
- PR and Media support
- China specific GREAT campaign (following China Naming Campaign)
- BBC Britain - content partnership on bbc.com supported by commercial media partnership with British Airways
- B2B support (including WTM, DEBNA, DEBI, Explore GB)
- Delivery of Loch Ness and Inverness marketing activity in partnership with VisitScotland
- Development of a piece of GREAT print on behalf of wider GREAT partners for use in GREAT, core, nurture and ROW markets

VisitEngland International Delivery

- Rugby World Cup international media delivery

Maximising public sector investment through partner engagement and commercial activity

Working in partnership is critical to our success, enabling us to provide potential visitors with easy access to Britain and bookable product so that we can convert interest in visiting Britain into actual bookings, as well as extend the visibility, duration and impact of our campaigns. Additionally VisitBritain has experience working with brand partners, especially in film tourism promotions. This important work, which helps to extend the reach of the Britain proposition to new audiences, will continue with film, TV and music partnerships.

Whilst our digital platforms are important channels, we will also seek out partners that will help us create and distribute inspiring and relevant content to the right audience at the right time in the right place and in the appropriate format. These partners could be travel or lifestyle-based, on or off-line and will have extensive consumer reach and loyalty amongst our target segments.

VisitBritain uses both its discretionary marketing budget and its unique marketing assets and customer insights to attract partners who have a quantifiable *strategic fit* at a market, regional and global level and work within a rigorous procurement framework to ensure best value for money.

Where possible VisitBritain will seek to create a multiplier effect and extend a base line partner funding ratio of 50/50 by attracting additional partner contributions.

As part of the business planning process our partnership portfolio is adjusted in line with any changes in strategic priorities and in response to the performance of completed activity.

One of the Triennial review recommendations is that VisitBritain should develop a long term strategy for commercial partnership working and funding. This will be delivered in 2015/16 showing how we can increase our range of partners and income to inspire and deliver international visits.

VisitBritain will continue to develop its retail activities. In 2014/15 we intend to generate revenue through new initiatives and business channels, which will enable us to maximise reinvestment in VisitBritain's wider activity.

As our retail operations expand, 'virtual footfall' increases, providing the business case for us to expand the online shop platform into new languages and markets as turnover grows.

Consistent with VisitBritain's desire to inspire visitors to travel beyond London, we will continue to bring forward compelling and appropriate products to sell on the VisitBritain shop, and develop the route to market for new UK product.

Activities

Retail

- Partner with big brands / develop business opportunities with third-parties to generate new and incremental business, which in turn leads to increased revenue
- Embed the new e-commerce platform to grow revenue through increased average basket and conversion rate as a result of the new functionality and improved customer experience.
- Optimise and enhance the TfL shop on the new platform, to increase revenue, profit and conversion rates
- Sell VFS (the visa application centre operators) marketing opportunities to the UK trade, to take advantage of a potential new stream of revenue with no cost of sale
- Grow affiliate income by increasing the number of affiliate partners across all markets
- Ensure staff skills and development are relevant to their roles and updated as required so that we deliver better results due to improved knowledge and experience
- Carry out user testing in selected markets, to ensure that we put in place changes which improve conversion, average basket value and revenue from these shops
- Actively continue to expand the product offer

Working with the travel trade and using our global network to support tourism promotion overseas

VisitBritain has a global footprint, through a strong digital presence and using commercial partners' assets. Our overseas offices cover 22 markets that currently offer the best immediate return and best future prospects for Britain.

Thanks to our strong relationship with public diplomacy partners (FCO, UKTI and the British Council) and co-location overseas with the FCO, we will extend the reach and influence of tourism, as well as continuing to boost Britain's image overseas contributing to Britain's soft power agenda.

We have been allocated £4.4 million for a visa refund scheme in China, which will refund the cost of a visit visa to consumers booking on tours staying a minimum of eight nights in the UK of which four must be outside London. This scheme will be a new intervention for VisitBritain, setting considerable challenges in its delivery and oversight.

Across all of our international markets, VisitBritain will continue to deliver 'brilliant basics', including the collection of market research and insights, destination PR, a digital and social media presence, eCRM activity and key account management of international travel trade businesses.

Our business to business (B2B) platforms (trade website, supplier and buyer directory, BritAgent training and trade creative toolkit) have all been revised and provide simple and effective routes to overseas markets for the UK tourism industry. In 2015/16 our B2B activity will focus on boosting the range of Britain product promoted through these channels. Content will be king to ensure more buyers visit our trade channels and continue to visit. The year will also see us deliver a range of Britain focused trade events. The successful Destination Britain trade missions will be repeated in The Americas, Nordics, APMEA and China. Our flagship event, ExploreGB, moves to Liverpool and will encompass a comprehensive programme of trade familiarisation visits to all parts of Britain. International Luxury Travel Market in Shanghai and ITB in Berlin will also be core to our trade engagement strategy.

Britain aims to attract 40 million visitors a year by 2020. 21% of projected growth is forecast to come from markets where VisitBritain does not have a physical presence. In 2014/15 we trialled a new approach to 'nurture' tourism from the most promising of these markets through making strategic, but low / no cost interventions, working with partners and extending the reach of our existing resources and assets. This model will be evolved further during 2015/16 as we review best practice to improve the efficiency and impact of our interventions in markets where we have no physical presence.

Activities

Markets

- Delivery of trade programme of product promotion, incentives and sales support for tour operators, destination and product sales missions and trips, destination education programme, educational visits and inspirational and informative trade tools
- Support for the GREAT campaign, using its themes and messaging throughout our activities
- Provision of insights, advice and tools to increase the ability of destinations and product to attract overseas customers
- Delivery of destination PR in VisitBritain's overseas markets
- Maintenance of good working relationships with public diplomacy partners on territory using our influence to ensure tourism is high on the agenda for Ambassadors and visiting Government Ministers
- Management of on-territory relationships with commercial partners
- Review of the delivery of 'nurture market' tourism promotion pilots

B2B

- Continued refinement of VisitBritain's proposition to the travel trade to ensure that they know how VisitBritain can help
- Review of the BritAgent travel agent training programme to ensure that it fits the needs of the trade
- Development of the trade website, to ensure that it has inspiring content for overseas travel trade, is easy to use by our staff, overseas and UK trade and has a 3-5 year development plan in place
- Update and evolution of the business toolkit – including evaluation of its effectiveness in order to ensure there is a good ROI
- Delivery of all currently planned VisitBritain missions and events, including Explore Britain in Liverpool in March 2016
- Review of B2B platforms to ensure they remain fit for purpose
- Implementation of a system and process to answer trade enquiries across the organisation to a high service level
- Continued development of account management of key travel trade contacts, including putting processes in place to ensure effective Key Account Management (KAM) of B2B partners through the Customer Relationship Management (CRM) database, and explore the potential for a 'premium' KAM service using senior VisitBritain staff
- Integration of retail offers and activities into all relevant communications - increase trade sales to +9% of all online sales on the VB shop.

Advising Government and industry on tourism and competitiveness

Tourism is seen as an essential part of the growth agenda, capable of delivering economic growth for Britain and jobs right across the nation. VisitBritain has published a long-term tourism strategy for Britain to deliver 40 million international visitors spending £31.5 billion by 2020.

In 2015/16 we will continue to act as the strategic body for inbound tourism to Britain, and support the delivery of a suite of strategies by continuing to deliver world-class insights, research and evaluation to support the UK tourism industry, and to underpin VisitBritain's decision making and competitive analysis. Over the past year we have built a corporate analytics competence which enables us to monitor and evaluate activities including our work in the digital sphere, in a timescale that enables adjustments to be made in real time.

May 2015 sees a general election with new potentially a new Government and new Ministers at DCMS our sponsoring department. This will be followed by a Comprehensive Spending Review that will set our budgets for the next 4-5 years – the public sector spending environment is likely to continue to be challenging. It will continue to be important to inform and engage with the new Ministerial team, to work with Ministers and officials on CSR activity and to maintain VisitBritain's status as trusted advisor to Government on competitiveness issues.

Activities

Tourism Affairs

- Engagement activity across Whitehall and Westminster advising on Britain's competitiveness position and VisitBritain effectiveness at delivering economic growth and soft power
- Development of a revised strategy for VisitBritain focused on desired outcomes, market and channel prioritisation – working across the organisation
- Engagement with DCMS and new Ministers as we progress through the CSR
- Management of VisitBritain's main consultative group – the British Tourism Industry Group (BTIG).

Corporate Communications

- Development and delivery of VisitBritain's external corporate communications strategy and programme, projecting VisitBritain's policies, activities, opportunities and achievements to our UK partner organisations and the wider tourism industry

- Launch of our corporate website - www.visitbritain.org - to maximise potential in terms of reach and engagement- the first part of our digital transformation project.
- Development and delivery of VisitBritain's internal communications strategy, including greater use of social media;
- Oversight of VisitBritain's UK events programme for staff, the UK industry and overseas trade and provide guidance for our overseas events;
- Maintenance of VisitBritain's strong reputation in crisis communications.

Research and evaluation

- Maintenance of a suite of Market and Trade Profiles, timely reporting of monthly, quarterly and annual IPS data, bespoke research to underpin marketing decisions and competitive analysis
- Publication of an annual forecast of inbound tourism;
- Evaluation of the effectiveness of: campaign activity, our suite of websites, B2B activity with UK trade, B2B activity with overseas trade, social media activity and consumer electronic direct mailings
- Development, in conjunction with the Analytics team, of a methodology for evaluating content marketing and of timely and forward looking indicators
- Participation in Anholt Nations Brand Index Study, commentating on results relating to global perceptions of Britain
- Participation in CAA Departing Passenger Survey to monitor degree to which departing visitors feel 'welcome' in Britain
- Addition of questions to ONS International Passenger Survey to better understand profile and behaviour of inbound visitors

Analytics

- Development, in conjunction with the Business Services team, of a business intelligence function, and develop the analytics function and corporate analytics provided following a business intelligence review
- Contribution to organisational strategy setting through analytical insight and support senior managers
- Provision of reporting, analysis and insight into marketing campaigns, B2B activities and retail operations to optimise the performance and results of each of these areas
- Provision of forecasts of digital and retail activities
- Introduction of new analysis looking at competitors in the digital space which will feed into digital strategies
- Provision of analysis pre- and post-project to support the digital transformation project
- Review the suite of analytics tools in place to ensure data is of the highest quality

Corporate PR

- Provision of a central resource for key messages and core scripts for the organisation
- Broadening of relationships with business, political and economic writers and commentators, as well as sector press outside of usual trade, and not limited to national outlets;
- Development and delivery of a well-planned schedule of PR activity based on organisational aims including regular briefings and selective use of speeches and events (industry and other), management of the news grid.
- Delivery of an agreed series of controlled media interviews and/or Op/Ed pieces to raise profile of the organisation among key audiences;
- Engagement with DCMS press office to ensure that we work to support their messages
- Development of a plan to increase number of intermediaries who are promoting VisitBritain, delivering key messages and material through their own channels
- Provision of support, as required, to boost media engagement at VisitBritain overseas missions, events & trade fairs.

Managing our business to deliver greater efficiencies and impact

Good governance, along with efficient and effective business process, serves to ensure VisitBritain can deliver its strategic and operational plans. VisitBritain also has a responsibility to ensure that we secure value for money; economy, efficiency and effectiveness from the deployment of public money to conduct its business. In general, we have robust systems, policies and procedures in place to ensure that best practice is adhered to in all areas of financial and non-financial governance. However, there are a number of areas which we have identified for further improvement, namely to:

- Enhance and clarify the framework of delegated authority; responsibility and accountability through the organisation, strengthening financial management and effective use of resources. This framework should be supported by a clear set of operating procedures, so we will undertake a review to ensure all procedures are fully comprehensive and fit for purpose.
- Develop a more integrated approach to strategic business and financial planning; identifying organisational development requirements in preparation for 2016/17 planning round and implementation of the comprehensive spending review 2015 outcomes and settlement
- Develop a more structured approach to transformation, ensuring clarity in responsibility, capacity and capability and introduce a Project Management Office
- Develop a business intelligence framework in order to create a greater drive around data-based decision making
- Continue to deliver the digital transformation programme across VisitBritain's platforms and develop a route for a longer term IS/IT strategy in support of the corporate objectives.

The Shared Business Services functions will support the above priorities, providing professional and technical support as required.

Business Services provide technology support, human resource management, Financial Planning and Management accounting, facilities management, legal counsel and board secretariat and risk management advice. The team also manages a range of third party delivery partners, from facilities management managed services to assurance partners, such as internal and external audit.

It is important that Business Services continually strives to improve the efficiency of our services, as well as the organisation's systems and processes; ensuring these reflect the requirements of the business in meeting its corporate objectives and operational requirements. As such the Business Services teams will continue to engage with VisitBritain and VisitEngland managers and staff to ensure that services are delivered to a high quality and where opportunities can be identified to improve engagement and/or delivery, that these are acted on swiftly, ensuring positive impact is achieved in the business.

During 2015/16 Shared Business Services will have a number of internally driven priorities:

- Support business transformation across VisitEngland and VisitBritain
- Support the implementation of the Triennial Review recommendations
- Review shared Business Services, proposing options for future delivery of existing and any new services
- Support and advise on the comprehensive spending review 2015 process and negotiations
- Support embedding of new procurement policies and procedures within a framework of guidance and support which enables the business to meet its objectives
- Negotiate a new VAT recovery methodology with HMRC, implementation of agreed changes and provision of advice and support for the organisation in the mitigation of any potential impacts
- Initiation of process automation and management of change processes to secure identified SBS savings in 2015/16

- Support digital transformation and further development of IT/IS strategy
- Input into the design of the China Visa Refund Scheme. Provide support and advice in the implementation & management of the scheme.
- Lead and coordinate of pension reform and other related (statutory) requirements

There are also a number of significant activities driven by external stakeholders; such as the Triennial Review .

In 2015/16 Business Services will work on the implementation of the Triennial recommendations – in particular in support of the separation of VisitBritain and VisitEngland into two executive bodies and the need for a comprehensive review of shared services by December 2015.

Activities

- Development and delivery of the triennial implementation plan to enable a smooth transition to two executive bodies
- Support for Visit England in the fundamental remodelling of their operating model and challenge fund
- Review of Shared Business Services, making recommendations to DCMS on alternative models and options for future delivery by December 2015
- Delivery of efficiency savings identified (£441,000 in 2015/16) in Shared Service functions
- Establishment of a project to review accommodation requirements of the VE and VB and provision of options appraisal in readiness for expiration of the head office accommodation lease in September 2017

Performance Measurement

Category	Definition	Measurement Tool	Target
Marketing			
Business generated – incremental spend and additional visits	Additional visitors and incremental spend directly attributable to our intervention (decision to visit, enhanced length of stay, regional spread and spend per visit)	VB evaluation process	£781 million in additional visitor spending (tactical campaign - £556 million, GREAT campaign - £225million)
Image building	Awareness of our activity, recall of said activity, and effect on motivation to travel	IPSOS-Mori brand tracker	Increases in awareness, recall and motivation. ROI (when aggregated) of around15:1
Advertising-equivalent value	PR industry standard measurement of the benefit to a client from media coverage of a PR campaign. AVE commonly measures the size of the coverage gained, its placement and calculate what the equivalent amount of space, if paid for as advertising, would cost.	Measurement through outsourced media evaluation supplier Prime	£350 million AVE 10K volume 8m OTS
Visits to family of digital platforms	Measuring the influence of our consumer-facing digital platforms through unique visitor numbers, dwell time and social engagement	Analytics	7.5 million unique visits
Visits to content provided to 3rd parties	Unique visitors	Partner reporting, analytics	In-excess of 250 million content views
Data acquisition	Opted in, qualified customer contact details	VisitBritain e-CRM system	2.2.million contacts
Social Media and Commerce	Engagement and reach of social messaging. Additional visitors and incremental spend directly attributable to our intervention (decision to visit, enhanced length of stay, regional spread and spend per visit)	Social media analytics VB standard evaluation methodologies	Reach of 4 million users Contribution to overall incremental spend targets

Category	Definition	Measurement Tool	Target
Global Network			
Export earnings	VisitBritain's contribution to export earnings for UK-based tourism businesses resulting from the use of VisitBritain's overseas network and trade missions	Annual survey of a representative sample of UK travel industry firms that interact with VB	£53 million of additional earnings by companies which use VisitBritain's international network and trade missions
Overseas industry satisfaction	A measure of how effectively VisitBritain is helping the international travel trade package and promote British travel products	Annual survey of a representative sample of our overseas travel partners to gauge VB's performance	Satisfaction score of 80%
Nurture markets	Britain aims to attract 40m visitors a year by 2020. Forecasts suggest that 3.5 million of this total will come from markets where VisitBritain has no physical presence. In addition, VisitBritain seeks to support HMG's wider soft power agenda, and the promotion of trade links with 'emerging powers'	In development. Evaluated using methodology for partner marketing campaigns Evaluated using VisitBritain's incremental visit and spend methodology and a balanced score card approach	In development. A measurable increase in visits and spend from non-VB markets Deliver greater returns on investment through maximising use of existing resources and assets
Advising Government and industry on tourism and competitiveness			
Public affairs and political engagement	Good working relationship with sponsoring department DCMS Steer VisitBritain through the CSR. Parliamentarians to be informed and engaged with tourism issues Ministers in key Government departments – FCO, BiS, DfT, Home Office – are briefed on Britain's competitive position and the growth of international tourism	Regular meetings and briefings Well managed process with VB's arguments made in a timely and engaging manner Develop and deliver engagement programme	Feedback from DCMS Acceptable outcome for VB through the CSR High profile support for VisitBritain and the wider tourism sector post the General Election
Competitiveness and Britain Strategy implementation	Progress made on the implementation of the Britain Strategy and the development of the supporting VisitBritain delivery	Update of the forecasting model Development of the investment model Publication of long-term business plan	Model and reforecasts shared across VB Publication of VisitBritain long-term business plan
Stakeholder communications	Industry to be informed on and engaged with VisitBritain and inbound tourism	Ecorys Survey	Industry partners able to make better informed decisions on market and product investment

Category	Definition	Measurement Tool	Target
	Staff to be informed on and engaged with VisitBritain	Investors in People	Engaged and motivated workforce
	Positive reaction to new corporate website	Satisfaction survey	Advocacy measure of around 80%
	Positive coverage of tourism in UK and overseas at times of crisis	Media monitoring	Consistent tourism response and messaging at times of crisis
Research and evaluation	Our Research and Evaluation informs the tourism industry, and our marketing and B2B activity through robust analysis of the current and potential future market, the levers and the barriers to growth. By evaluating the outcomes from our activity we are able both to monitor progress against targets and to establish what is, and what is not, working effectively and thereby take appropriate action.	<p>Annual survey of businesses with which VisitBritain interacts primarily measures the outcomes of that activity in terms of incremental visitor spend or export earnings, but in addition is used to capture the satisfaction of stakeholders with our market intelligence.</p> <p>Retrospective analysis using IPS data to establish the forecast accuracy once full-year final data is released in April/May</p> <p>Regular surveys of consumers potentially influenced by VisitBritain activity to establish degree of recognition and influence on behaviour. For tactical activity surveys to take place within three to six months of the campaign ending and for 'business as usual' activity surveys to take place in the period April to June.</p>	<p>At least 50% of UK businesses with which VisitBritain works say that our advice and market intelligence has supported their decision making.</p> <p>A suite of Market and Trade Profiles enabling VisitBritain to demonstrate it is an authority on inbound tourism from each of our priority markets and bespoke research reports focussing on topics identified in the Competitive Assessments as crucial in delivering Britain Strategy targets</p> <p>Forecasts for the future volume and value of inbound tourism to Britain in both the short and long-term that clearly cite risks and opportunities to achieving the Britain Strategy targets</p> <p>Research and evaluation evidence is used to inform marketing choices, both tactical and the selection of campaign partners. Work with the analytics team to develop more forward looking measures</p>

Category	Definition	Measurement Tool	Target
Analytics	<p>Our Analytics informs the marketing, B2B and Retail activities through providing analysis to optimise the performance and results of each of these areas.</p> <p>Analysis and insight feed into the strategy of each area ensuring decisions are data driven.</p>	<p>Delivery of a range of reports, analysis and insight into the various VisitBritain activities.</p>	<p>Introduction of digital competitor insights.</p> <p>Regular forecasts for Retail operations and digital activities to highlight the risks and opportunities in achieving respective targets for those areas.</p> <p>Analytics work is used to feed into and evaluate VisitBritain activities to ensure optimal performance and outcomes.</p> <p>Development of corporate analytics to inform senior managers and strategy.</p>
Corporate PR	<p>Generate positive coverage about tourism's value to Britain and the UK economy, alongside creating greater awareness of VisitBritain's value to tourism in print, online and social media channels</p> <p>Communicate emerging findings on tourism generated by the Research & Insights team</p> <p>Enhance the organisation's recognition among media audiences and opinion-formers – particularly business, financial and economic sectors.</p> <p>Greater strategic coordination of the regions and destinations across Britain to develop and inform VisitBritain's corporate press & PR activity;</p> <p>Strengthen messaging with commercial and public sector partners through all aspects of the GREAT campaign.</p>	<p>Media monitoring</p> <p>Build list of tourism advocates.</p>	<p>Increased share of voice for tourism on the international stage and in the British media - 600 pieces of coverage in national, regional outlets, including 70 in business sections and 12 posted blogs</p> <p>Broader relationships with business, political and economic writers and commentators, as well as sector press outside of usual trade, and not limited to national outlets.</p> <p>Increased number of intermediaries who are promoting VisitBritain, delivering key messages and material through their own channels.</p> <p>Organise a series of regional media press briefings using our research</p> <p>Strong relationships with key media and GREAT</p>

Category	Definition	Measurement Tool	Target
Maximising Public Investment			
Partner engagement	Private sector investment in core, GREAT and additional Fund activity	Standard accounting methodologies, and VisitBritain's value-in-kind rate card and recording procedures	£1.5m cash private investment in core, £3.75m in GREAT and target amount for Funds. Optimised MIK.
Retail	Revenues achieved through sales made, on and offline, by the VisitBritain shop	Standard accounting methodology	Net profit of £1.6 million in 2015/16
Managing our business			
Business efficiency	Triennial Review implementation plan	Agree plan with DCMS	Project manage plan implementation so that all recommendations are fully implemented in 2015/6
	Review shared Business Services		Secure change in timescales and financial constraints Establishing Governance structure and deliver actions Deliver proposals on future options for delivery of existing and any new services
	Comprehensive spending review 2015	Engage with DCMS through the CSR in a timely and effective manner	Deliver a Positive settlement of increased funding for VB
	New procurement policies and procedures	New procedures agreed by DCMS and Cabinet Office and embedded in the organisation	Establish and embed framework of policies guidance and support
	VAT methodology	New plan in place financial impact of irrecoverable VAT	Negotiate a new VAT recovery methodology with HMRC, implementation changes and provision of advice and support for the organisation

Category	Definition	Measurement Tool	Target
	SBS efficiencies & savings in 2015/16	Changes implemented Savings cashed	£440k delivered by 31 March 2016
	Digital transformation and develop of IT/IS strategy	IT upgrade	Cloud readiness
	Design implement & manage the China Visa Refund Scheme	Scheme signed off by DCMS/ No.10 Progress against target	Launch scheme Q2 Deliver between 25,000 and 40,000 Within budget (max. £4.4m or pro rata) by 31 March 2014
	Progress pension reform and other related (statutory) requirements	Actual cost vs. budget	

Appendix 1

VISITBRITAIN BUDGET 2015/16

£'000

	2014/15 VisitBritain	2015/16 VisitBritain	Variances
<u>Income</u>			
GIA - Core	19,691	19,628	(63)
<u>Other Grants</u>			
GREAT Funding	17,000	15,000	(2,000)
Visa Refund Scheme	-	4,400	4,400
Additional (Tour de Yorkshire & Loch Ness)	-	800	800
Transfer (to)/from VE	(150)	150	300
GIA - Capital	192	186	(6)
<u>Non-grant income (NGF)</u>			-
Partnership funding - Core	2,455	1,467	(988)
Partnership funding - GREAT	4,250	3,750	(500)
B2B - NGF	995	1,392	397
Retail - Net Contribution*	1,395	1,609	214
Other Income	481	629	148
Total Income	46,309	49,012	2,703
<u>Expenditure</u>			
<u>Project Expenditure</u>			
<u>Core Programme</u>			
Core Tactical/B2B/PR & Content	9,420	9,023	397
Core Other marketing	595	1,615	(1,021)
Core Research & insights	981	800	181
<u>Other Expenditure</u>			
GREAT funded activities	21,250	18,750	2,500
Visa Refund Scheme	-	4,300	(4,300)
Visa Refund Scheme Admin		100	(100)
Tour de Yorkshire & Loch Ness		800	(800)
Staff Costs	9,086	8,801	285
Staff Travel and Exp	613	521	91
Property costs	2,026	2,040	(14)
Technology Costs	821	522	298
Irrecoverable VAT	713	1,007	(294)
Pension Deficit Recovery Plan	540	554	(14)
Contingency	180	641	(461)
Other Operational Costs	898	833	65
P&P Activity	240	160	80
Capital	192	186	6
Shared Services	(1,244)	(1,643)	399
Total Expenditure	46,309	49,012	(2,703)
<u>*Retail</u>			
Retail - Revenue	16,612	22,279	5,667
Retail - Cost of Sales	14,029	19,220	(5,191)
Retail - Marketing Costs	329	355	476
Retail - Gross Contribution	2,254	2,704	450
Staff costs	668	765	(97)
Other overhead costs	191	330	(139)
Retail - Net Contribution	1,395	1,609	214

Appendix 2



Department
for Culture
Media & Sport

Department for Culture, Media & Sport
Finance
4th Floor
100 Parliament Street
London SW1A 2BQ

T: 020 7211 6184
www.gov.uk/dcms

2nd April 2015

Sally Balcombe
Chief Executive
VisitBritain
Sanctuary Buildings
20 Great Smith Street
London
SW1P 3BT

By Email

Dear Sally,

Revised Allocation Letter for 2014/15 - 2015/16

I am writing to inform you of the VisitBritain allocations for the financial years 2014/15 and 2015/16. This letter replaces any previous notifications.

Any changes that have previously been agreed to budgets since your last allocation letter have been reflected in your revised allocation figures below. As you know, no further cuts were made to your allocations following the Autumn Statement on 3rd December 2014.

The amended control totals against which net expenditure will be monitored and the grant in aid that the Department will pay are as set out in the table below. The control totals are shown in the shaded columns and incorporate any other changes that have previously been agreed with you.



Appendix 2

Department for Culture, Media & Sport

£m	Resource DEL						Total Resource DEL (B+E+F)
Year	Admin	Admin Depreciation	Total Admin Budget (A+B)	Programme	Programme Depreciation	Near-Cash Resource DEL (A+D)	
	A	B	C	D	E	F	H
2014/15	19.414	0.500	19.914	17.500	0.000	36.914	37.414
2015/16	20.028	1.070	21.098	19.950	0.000	39.978	41.048

£m	Capital DEL					Total Capital Budget (L+M)	Grant in Aid (F+L)
Year	Core Capital	Capital Grants	Major Projects	Capital (excl. Reserves) (I+J+K)	Reserves		
	I	J	K	L	M	N	O
2014/15	0.319	0.000	0.000	0.319	0.000	0.319	37.233
2015/16	0.186	0.000	0.000	0.186	0.000	0.186	40.164

Guidance on the budgeting rules within which you are expected to operate has previously been circulated and can be found in the Treasury's [Consolidated Budgeting Guidance](#).

If you have any questions about the content of this letter then please get in touch with your usual relationship manager in the finance team.

Yours sincerely,



SAMANTHA FOLEY
Finance and Commercial Director

cc: Hazel Cunningham