

**MINUTES OF THE 410th MEETING OF VISITBRITAIN
HELD AT 9.00AM ON TUESDAY 4 FEBRUARY 2014 AT
VISITBRITAIN, 20 GREAT SMITH STREET, LONDON SW1P 3BT**

Present: Christopher Rodrigues, CBE
Sally Balcombe
Dr. Michael Cantlay
Dan Clayton Jones, OBE
Janis Kong, OBE
The Rt. Hon Baroness Liddell of Coatdyke
John Lindquist
Ian McCaig
Steve Ridgway, CBE

Apologies: Penelope, Viscountess Cobham

In Attendance: Sandie Dawe, MBE, Chief Executive
David Parkhill, Director, Business Services
Keith Beecham, Director, Overseas Network for Minutes, Matters arising and Growing Commercial Income items
Jaco Coetzee, Head of Commercial Trade for Minutes, Matters Arising and Growing Commercial Income items
Ros Carey, Secretary to the Board

Minutes of the Last Meeting

1. The minutes of the meeting held on 19 November 2013 were approved and signed.

Matters Arising from the Minutes

2. There were no matters arising.

Declarations of Interest

3. There were no interests to declare in connection with any of the items on the agenda.

Growing Commercial Income

4. Jaco Coetzee gave a well-received presentation in which he outlined proposals, as previously requested by the Board, to achieve a significant increase in net profit from VisitBritain's commercial activities.

5. Jaco Coetzee began by showing the performance of the retail operation from its beginning in 2006/07 to the present financial year when it was forecast to return a profit of just over £1 million, rising to over £4 million in 2019/20.
6. The potential routes to future growth fell within four categories: market development, increased market penetration, product development and diversification and Jaco Coetzee gave examples of activities which might be undertaken under each category. Of these, increased market penetration offered the greatest potential but other opportunities would still be explored and incremental gains on existing successful activities would continue to be pursued.
7. Jaco Coetzee also outlined the factors which would limit growth such as restrictions on VisitBritain's ability to trade in some markets due to its status and the fact that VisitBritain, whilst being a professional organisation was not, in overall terms, commercially driven.
8. Mike Cantlay asked if the retail activity would be susceptible to a legitimate challenge under the state-aid rules. Jaco Coetzee advised that the Executive considered this to be very unlikely as the activity returned a net profit after all overhead had been charged against it so did not receive any subsidy from public funding.
9. The Board then discussed several of the additional opportunities raised for consideration and proposed others such as the creation of a virtual market-place which was suggested by Sally Balcombe.
10. Ian McCaig raised the need to put a formal process in place to assess the viability of any opportunities for diversification and kindly agreed to advise on this.
11. The Board agreed that the focus of effort should be on increasing market penetration and continuing to make incremental gains on successful activities.
12. Jaco Coetzee and Keith Beecham left the meeting.

Review of Market Conditions

13. Sandie Dawe presented her state of the market snapshot which was tabled.
14. She introduced her report by highlighting that the International Passenger Survey (IPS) showed that, in the year to November 2013, spend had been 12% up on the same period in 2012 and visits up by 5%. All the indications were that 2013 would prove to be a record year for in inbound tourism in real terms.
15. Sandie Dawe also presented the IPS data for July to September 2013 broken down to show the individual results for Scotland, Wales, London and Rest of England by all trip purposes and holiday trips together with the data for January to September 2013 broken down by all trip purposes, holiday trips and business trips. In every case, visits and spend were up against the same period in 2012 albeit Wales' performance

would have been stronger were it not for a decline in visitors from the Republic of Ireland.

16. Mike Cantlay agreed that the results for Scotland had been very good but reported that some of the industry in Scotland felt that the GREAT campaign was not delivering results for the country and attributed the strong performance to VisitScotland's activities. He advised that it would be very helpful if VisitBritain could provide him with briefing material to illustrate the value which it was delivering for Scotland and that he would suggest some simple things which VisitBritain could do to further support VisitScotland and the Scottish industry. Sandie Dawe said that she would welcome this and also noted that some members of the industry in Scotland had told VisitBritain that they GREAT was performing well for them.
17. Mike Cantlay also advised Colleagues that, contrary to the industry norm, there was an expectation in Scotland that 2014 would deliver growth against 2013 as a result of the Commonwealth Games and that failure to achieve this would also impact adversely on VisitBritain.
18. The Chairman and Sandie Dawe responded that VisitBritain's remit was to promote tourism to Britain overall and the targets which were attached to its funding by Ministers were not broken down to Great Britain's constituent parts. As previously agreed by the Board, it was VisitBritain's strategy to support the activities of Britain's national tourist boards but, especially in a devolved environment, it would be inappropriate for VisitBritain to take a lead at individual nation level.
19. Sandie Dawe also noted that VisitBritain endeavoured to tailor its support to meet the individual requirements of each tourist board but that, ultimately, its priority would always have to be to meet the targets set by the Ministers to whom it was accountable.
20. The Chairman added that, when the decision to participate in GREAT had been taken, it had been accepted that any constraints which it would place on VisitBritain would be more than mitigated by the considerable funding which had been allocated for the campaign.
21. Sandie Dawe observed that there was an inbuilt tension in the statutory framework of tourist boards and the Board debated the issues which this gave rise to at some length during which Dan Clayton Jones raised similar concerns to those expressed by Mike Cantlay.
22. It was agreed that, given the differing requirements of each national tourist board, the best way forward would be for the Chairman and Sandie Dawe to set up a series of meetings with the Chairmen and Chief Executives of VisitScotland, Visit Wales and VisitEngland.

Chief Executive's Report

23. Sandie Dawe introduced her report, highlighting in particular:

- That VisitBritain's new advertising film, Sounds of Great Britain, a journey around Britain where imagery of destinations and experiences had been brought to life through sound, would be launched in mid-February. The objective was to inspire potential visitors to book a trip to Britain and would be supported by social media activity;
- That VisitBritain had also worked with Expedia in the US and Brazil on a TV advert which would launch on 9 February and was the first European national tourist organisation to co-brand and co-fund a TV campaign with Expedia in the US;
- That VisitBritain and Visit Wales had signed a Marketing Partnership Agreement under which Visit Wales would embed a member of staff in Sanctuary Buildings to work alongside VisitBritain staff to represent Wales' content and product and advise them on Wales-related activities. A similar arrangement with London & Partners was being put in place;
- That it had been a busy period for the mission programme. Destination Britain Nordics had been the first event of the year in January followed by sales missions to China and Japan. The Nordics and China missions had both attracted record numbers of suppliers;
- That the first phase of VisitBritain's one-year co-operative marketing campaign with Mercury Travels, India's leading independent tour operator had concluded with excellent results. Phase two would take place during the peak booking season between April and June, with eleven new travel packages being created and a reach of 5.8 million households; and
- That the procurement of an executive search agency to assist in the recruitment of her successor was underway. Meanwhile, David Parkhill would leave at the end of the month and would be replaced initially with an Interim, Philip Mabe.

Board Strategy Workshop

24. The Chairman introduced the note of the Board's Strategy Workshop which had been held on 19 November 2013 and invited comments.
25. The Board endorsed the content of the note as a true record of the meeting and then held a short discussion around some of the issues which had been discussed at the Workshop.
26. Sandie Dawe also agreed to bring the Commercial Strategy back to a future meeting.

Business Plan and Budget 2014/14

27. David Parkhill introduced his paper and reminded the Board of the context within which the business plan and budget had been prepared including that 204/15 would be the final year of the four-year £100 million marketing programme.
28. David Parkhill also noted that, of the £19 million which VisitBritain had been allocated for the GREAT campaign, £1.8 million was to purchase media for partners so was not available to spend on VisitBritain's own campaign.
29. The Board approved the Business Plan, subject to amendments suggested by Board Members, and the budget for 2014/15 although it was requested that the final version be presented in a different format.
30. Sandie Dawe agreed to circulate the final version of the Business Plan to the Board.

Business Services Review

31. David Parkhill introduced his paper which updated the Board on progress in reviewing the options which had been identified for further reducing back-office costs in the mid-term.
32. One of the options identified had been to move business IT systems to 'the Cloud'. David Parkhill reported that it was hoped to move those systems which were cloud ready during the forthcoming financial year. This partial move was not expected to yield significant cost savings but would provide a better service to overseas staff and improve VisitBritain and VisitEngland's disaster recovery capability.
33. As previously reported to the Board, there was a general requirement across the public sector to outsource back-office functions through a Government Service Centre. However, Cabinet Office had advised verbally that, if this could not be achieved, or would be sub-optimal for VisitBritain and VisitEngland, a business case could be submitted to move to alternative providers or maintain the status quo.
34. David Parkhill reported that there was currently no Government Service Centre able to handle international transactions and the key departments which had international operations, including VisitBritain, had been asked to join a steering group to assist in ensuring their requirements were taken into account in the formation of a new Centre.
35. In the meantime a Cabinet Office sponsored benchmarking exercise was being conducted to provide an indication of the potential savings which could be achieved and the results of this, together with an analysis of the risks attached to outsourcing, would be brought back to a future meeting.

Separation Progress Report and Resolutions

36. David Parkhill introduced his paper. He reported that the Secretary of State for Culture Media and Sport had now written to the Cabinet Office requesting approval to resume direct funding to the English Tourist Board.
37. David Parkhill further reported that the Cabinet Office had proposed that the tri-ennial reviews of VisitEngland and VisitBritain should be expedited and specifically examine the case for separation. In response, the Secretary of State had re-stated her position that the reviews should only take place after separation.
38. In order that the Executive might be in a position to act swiftly if final approval to re-introduce direct funding was received at short notice, the Board then resolved that, subject to receipt of a Direction from the Secretary of State for Culture, Media and Sport ordering it so to do, to transfer to the English Tourist Board on 1 April 2014 or such other date as DCMS might direct, the net assets and undertaking of British Tourist Authority trading as VisitEngland (including staff and liabilities) as at midnight on 31 March 2014 or midnight on the day preceding such other date directed by the Secretary of State and to give effect to this decision by entering into a Transfer Agreement in a form approved by the Chairman, Chief Executive and Baroness Liddell.

Remuneration Committee

39. The Board approved the appointment of Sally Balcombe to the Remuneration Committee to replace Janis Kong.
40. The Chairman thanked Sally Balcombe for agreeing to serve on the Committee.

VisitEngland Performance Report

41. The Board noted the report from Louise Stewart which reported on progress towards delivering VisitEngland's KPIs during the three quarters to 31 December 2013.

VisitEngland Management Accounts to 30 September 2013

42. The Board noted the financial position at 30 September as set out in the Management Accounts.

Draft Minutes of the Meeting of the Audit Committee

43. John Lindquist introduced the minutes of the last meeting of the Audit Committee, which had been held on 13 January 2014 highlighting that the latest internal audit review of Key Financial Controls for the first six months of the financial year had not identified any instances of correct procedures not being followed.

Tourism Trends

44. The Board noted David Edwards' report, which provided a briefing on inbound and domestic tourism surveys and market conditions.

Secretariat Items

45. The Board noted the programmes of meetings for 2014 and the Tourism Events Diary.

Any Other Business

46. The Chairman paid tribute to Janis Kong for her invaluable advice and counsel during her tenure on the Board and said that she would be greatly missed.
47. The Chairman also noted that this had been David Parkhill's last meeting as he was leaving to take up a new position and thanked him for the support and advice which he had given the Board and the Executive team.

Date of Next Meeting

48. To be held on 8 April 2014.