

**MINUTES OF THE 416th MEETING OF VISITBRITAIN
HELD AT 9.00AM ON TUESDAY 10 FEBRUARY 2015 AT VISITBRITAIN,
20 GREAT SMITH STREET, LONDON SW1P 3BT**

Present: Christopher Rodrigues, CBE
Katy Best
Penelope, Viscountess Cobham, CBE
Dan Clayton Jones, OBE
John Lindquist
Ian McCaig
Kevin Murphy
Steve Ridgway CBE

Apologies: Dr. Michael Cantlay, OBE

In Attendance: Sally Balcombe, Chief Executive
Keith Beecham, Director, Overseas Network
Joss Croft, Director of Marketing
Ian Grattidge, Business Services Director
Patricia Yates, Director, Strategy and Communications
Ros Carey, Secretary to the Board
David Bishop, Head of Strategy for Corporate Strategy Deep Dive
Louis Bryce, Head of Partnerships for Corporate Strategy Deep Dive
Jaco Coetzee, Head of Commercial and Trade for Corporate Strategy Deep Dive
David Edwards, Head of Research and Forecasting for Corporate Strategy Deep Dive
Robin Johnson, Head of Overseas Operations for Corporate Strategy Deep Dive and Market Presentation
Sumathi Ramanathan, Regional Manager, APMEA for Corporate Strategy Deep Dive and Market Presentation

1. The Chairman welcomed Kevin Murphy and Ian Grattidge to their first meeting of the Board.

Corporate Strategy 'Deep Dive'

2. Sally Balcombe introduced this item, the aim of which was to agree the future role and direction of the organisation and an approach to setting targets in light of the anticipated outcome of the Tri-ennial Review.
3. The Executive had developed a data-based methodology to set targets, identify optimal markets and the ideal marketing mix for each market. When fully developed, the methodology would also be able to calculate the contribution which VisitBritain's ROI had made to each Strategic Partner's growth targets and the work had already been presented to their Chief Executives.
4. David Bishop then gave a presentation which briefed the Board on the Executive's thinking during which several decisions were taken.
5. VisitBritain's remit would continue to be to promote inbound tourism to Great Britain and its nations and regions. It was agreed that this would be delivered through the GREAT campaign and the management of VisitBritain's international marketing budget, in partnership with VisitEngland, VisitScotland and Visit Wales, and that VisitBritain should have regional dispersal targets, set by DCMS.
6. It was agreed that VisitBritain's core role would therefore be to:
 - Generate customer insight, analysis, and 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 which VisitBritain would then be accountable for delivering;
 - Support VisitEngland's challenge fund, providing international consumer insights and delivering the agreed international promotion of English products overseas; and
 - Undertake international business events promotion at a Britain level alongside other GREAT partners and, where appropriate, individual Strategic Partners.
7. And that VisitBritain's core capabilities would be strategy, research and insights; partnerships; B2B; digital and content; B2C; route development; business visits and events; retail and communications.

8. It was also agreed that there should be additional programmes which would be subject to obtaining additional investment to deliver specific benefits in addition to core activity: these would be campaigns in China, Nurture Markets, The USA and to promote value messages in Europe and, subject to the outcome of the Tri-ennial Review, to deliver the international aspects of VisitEngland's Challenge Funds and business visits and events.
9. David Bishop then illustrated the differing results which could be achieved, and the budgets required, to deliver a variety of scenarios in 2015/16: high growth; maximum volume and value or high regional spread. These had all been developed against the same baseline which had been based on a set of assumptions which David Bishop had previously outlined.
10. Sally Balcombe noted that the mix of markets remained broadly the same in each option although the budget required to deliver the results changed significantly.
11. The Board debated the options and agreed that, subject to budget, the target to aim for would clearly be maximum volume and value which would also deliver the best regional spread results.
12. However, in view of the fact that VisitBritain's funding would reduce in 2015/16 it was agreed to recommend to DCMS that VisitBritain be given the following targets which had been pitched between achieving high growth and high regional spread:
 - Generate £450m in additional visitor spending and 700,000 additional visits representing:
 - London: 2.1m additional nights
 - Rest of England: 2.5m additional nights
 - Scotland: 0.45m additional nights
 - Wales: 0.14m additional nights
13. The targets had been developed against the projected growth targets for 2015 which were 35.5 million visitors to the UK spending £22.15 billion. This equated to a decline in market share against our competitors of 0.03% against 2014.
14. The national/regional targets were also in line with the published expectations of each of the Strategic Partners including London & Partners who had all been consulted albeit final clarification and more detailed work was required on marketing channels and markets.
15. The Board agreed that the strategy for delivery of future targets should be built around focussing on targeting market segments, cities and marketing channels; delivery through partnerships and converting interest into visits.

16. David Bishop then illustrated how this approach would work in the USA and how it differed from VisitBritain's current operations.
17. The Board also discussed how it should approach the next CSR and agreed an analytical approach should be taken, to illustrate that Britain was losing market share to its competitors, what could be achieved with additional funding and what the impact of further funding cuts would be on inbound tourism.
18. David Bishop, Louise Bryce, Jaco Coetzee, David Edwards, Robin Johnson and Sumathi Ramanathan left the meeting.

Minutes of the Last Meeting

19. The minutes of the meeting held on 9 December 2014 were approved and signed.

Matters Arising from the Minutes

20. There were no matters arising.

Declarations of Interest

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

Review of Market Conditions

22. Sally Balcombe presented her Market Snapshot noting that:

- The provisional IPS results for 2014 would be announced later that week and were expected to show that 2014 had been a record year for visitors to the UK; and
- Inbound airline capacity in the coming six months was expected to be 4% up on the previous year and IATA had forecast that international air fares would fall by more than 5% in 2015;

23. Sally Balcombe also reported that China Union Pay had announced that the UK had been ranked 15th in terms of volume of spend put through its credit cards by country. However, the Chairman cautioned that this result could be due to low numbers of merchants which accepted the card rather than indicative of visitor numbers and the amount which they spent in the UK.

Chief Executive's Report

24. Sally Balcombe introduced her report, highlighting in particular that:

- The Countryside is GREAT campaign had been launched in New York on 22 January and in the UK on 29 January and had been well received;
- The GREAT China Naming campaign was performing very well and had already exceeded the majority of the campaign's consumer engagement targets;
- A proposal for a Bond is GREAT campaign in 2015/16 had been submitted to Sony Pictures: if successful, VisitBritain would be the lead organisation for the GREAT partners;
- HM Treasury had announced an additional £2 million over 4 years for the GREAT campaign to promote Loch Ness and the local area in overseas markets. VisitBritain would be working with VisitScotland and the local destination organisation to develop a detailed proposal;
- That VisitBritain had moved to new internet hosting suppliers from 30 January which would result in an annual saving of £446,000 from April 2015 with no loss of functionality;
- ExploreGB, which would take place at the end of the month, had been fully sold and planning for 2016 had commenced. Plans were also progressing to hold the Destination Britain Americas' B2B event in Mexico in the autumn to align with the Year of the UK in Mexico. This would be the biggest event VisitBritain had held in the Americas region and it was hoped to attract buyers from North and South America.
- The Executive had attended meetings with VisitEngland and regional stakeholders to develop proposals for the £10 million Northern Futures Fund which had been announced by the Deputy Prime Minister in November 2014. The Fund would be administered by VisitEngland and it was anticipated that VisitBritain would deliver the overseas marketing elements of the programme if the proposals were accepted;
- Turnover for the on-line shop during the first nine months of the financial year had been 20% up on the same period in 2013/14 and the new Transport for London on-line shop, which had been launched in November 2014, was making a positive impact; and

- She had recently briefed the new British Ambassador to China.

25. In conclusion, Sally Balcombe reported that she had arranged a meeting with the Chief Executives of VisitEngland, VisitScotland, Visit Wales and London & Partners at the end of January to discuss how they might best work together and to show them the methodology for setting VisitBritain's regional spread targets which had been discussed earlier in the meeting. The Chief Executives had been supportive of the approach and follow-up work was continuing with their teams.

Market Presentation

26. Robin Johnson and Sumathi Ramanathan re-joined the meeting and gave an interesting and informative presentation on inbound tourism from China, the Gulf and Australia.

27. Robin Johnson then presented an in-depth review of the performance of the Chinese market. Although the IPS data showed that the number of Chinese visitors to the UK lagged behind its competitors, they spent more and stayed longer than the majority of visitors from other markets and performed very well in terms of regional spread. It was also noted that visitor numbers were limited by air capacity constraints

28. Robin Johnson then briefed the Board on VisitBritain's current activities in China which included route development work and establishing strategic partnerships with leading travel agencies as well as the GREAT China Naming campaign and GREAT China Welcome Programme aimed at helping UK businesses to become 'China ready'.

29. Sumathi Ramanathan reported on the performance of the Gulf States and Australia between 2003 and 2013 in terms of increases and decreases in visitor numbers and spend on a country by country basis. The Gulf States were the second most valuable source market for Britain and Australia was ranked fourth in terms of spend.

30. Sumathi Ramanathan also briefed the Board on the consumer segments which VisitBritain targeted in each market, the marketing approach which was taken and future opportunities.

31. The Board debated the issues raised and Sumathi Ramanathan and Robin Johnston responded to questions.

32. Sumathi Ramanathan and Robin Johnson then left the meeting.

Tri-ennial Review

33. Sally Balcombe briefed the Board on the key findings and recommendations of the Tri-ennial Review of VisitBritain and VisitEngland noting that the Report was still in draft and remained confidential.

34. The Board discussed the issues raised.

Premature Retirement and Redundancy Rules

35. Ian Grattidge introduced his paper.

36. Approval was sought to amend the Premature Retirement and Redundancy Rules to take account of the abolition of the default retirement age and the introduction of pension flexibilities. It was proposed that the minimum changes be made pending a complete revision of the Rules to introduce new terms and conditions for new starters.

37. Ian Grattidge also reported that the VisitEngland Board had considered the paper at its last meeting and its recommendation to the VisitBritain Board was that, rather than amend the Rules for the short-term, completely revised Rules should be introduced as soon as possible.

38. The Board agreed that revised Rules should be introduced as soon as possible but that, meanwhile, they should be amended as recommended in the paper.

British Tourist Boards Staff Pension and Life Assurance Scheme

39. Ian Grattidge introduced his paper which invited the Board to approve changes to the Pension Scheme's commutation rates as recommended by the Trustees.

40. The Board did not consider that it had been provided with sufficient information to take an informed decision and requested that the paper be re-presented at the next meeting with more financial detail on the impact which the change in commutation rates would have on the pension fund.

41. Kevin Murphy and Dan Clayton Jones left the meeting.

Draft Minutes of the Meeting of the Audit Committee

42. John Lindquist introduced the draft minutes of the meeting of the Audit Committee held on 10 February 2015 highlighting:

- That the Committee had received the draft NAO and PwC Reports into the British Tourist Authority's procurement activity and that a project plan was being drawn up by the Head of Procurement to address the Reports' findings;
- That the Committee had endorsed the Executive's recommendation to propose to HMRC that the new method of recovering VAT should be cost based: although it was likely that this would lead to a reduction in recoverable VAT it was nevertheless considered to be the method which was likely to produce the most favourable result; and
- That following the PwC review of the processes and controls in place to identify and manage potential and actual foreign exchange losses, the Committee had approved a revised Foreign Currency Management Policy.

Procurement Update

43. Ian Grattidge introduced his paper which reported on the action being taken to address the issues raised by the NAO and PwC Reports.

44. The Board noted the report.

VisitBritain and VisitEngland Management Accounts

45. The Board noted VisitBritain and VisitEngland's Management Accounts to 31 December 2014 and the report on the movements on foreign exchange contracts reaching maturity in the year to 31 December 2014.

46. Ian Grattidge reported that there was a risk that the forecast for the year-end underspend by VisitBritain could increase.

VisitEngland Performance Report to 31 December 2014

47. The Board noted the VisitEngland Performance Report to 31 December 2014.

Tourism Trends

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

Secretariat Items

49. The Board noted the programmes of meetings for 2015, the Tourism Events Diary and the Forward Agenda.

Any Other Business

50. There was no other business.

Date of Next Meeting

51. To be held on Monday 27 April 2015.