

# MINUTES OF THE 427th MEETING OF BRITISH TOURIST AUTHORITY

HELD AT 9.00AM ON TUESDAY 13th SEPTEMBER 2016 AT

VISITBRITAIN, 20 GREAT SMITH STREET, LONDON SW1P 3BT

**Present:** Christopher Rodrigues, CBE  
Katy Best  
Angela Bray  
Lise-Anne Boissiere  
Penelope, Viscountess Cobham, CBE  
John Lindquist  
Margaret Llewellyn OBE  
Lord Thurso  
Steve Ridgway, CBE  
Kevin Murphy, OBE

**Apologies:** Ian McCaig

**In Attendance:** Sally Balcombe, Chief Executive  
Hazel Cunningham, Director of Business Services  
Suneet Joseph, Secretary to the Board  
Andrew Stokes, England Director (for England Matters only)  
Nigel Halkes, VisitEngland Advisory Board Member (for England Matters only)  
Patricia Yates & Richard Nicholls (Brexit Update & Tourism Trends only)  
Chris Foy, (for Britain BV&E Update)  
Robin Johnson & Carol Dray (#OMGB Update)

## ENGLAND MATTERS

### Quality Schemes Background Paper

1. Hazel Cunningham tabled a set of slides to supplement the Paper relating to the National Quality Assessment Schemes. The BTA Board discussed key considerations including

current BTA income levels arising from the operation of the Schemes and the direct costs for BTA in running the Schemes. The Board discussed the need to tackle legacy issues, especially removal of out of date signage (displaying VE logo and branding elements) on properties, as part of any sale and/or re-tendering for the licence to operate the licensed Schemes. The Board further discussed the immediate and medium term needs of particular segments within the industry and the directives of DCMS for the future running of the Schemes. The Board further noted the tight timetable for completion of transaction activities (whether on a sale or licence basis) relating to the Schemes would need to comply with all applicable public procurement rules and regulations.

2. The Board also highlighted the need for the BTA deal team negotiating any transaction to be fully transparent with interested parties that the commercial proposition being offered related to managing all and not just some of the Schemes. The Board also recommended that the BTA deal team prepare a fallback option (ie closure of Schemes) in the event that a suitable purchaser or licensee could not be found and/or that commercial deal terms which are acceptable to BTA could not be agreed. It was further noted that in any commercial negotiations with interested parties deal terms agreed would need to be made "subject to BTA Board approval".
3. Subject to the Board's comments and feedback, including on carrying out additional modelling, structuring any deal terms and negotiation strategies to be considered, being taken on board by the BTA deal team, the Board gave its approval for the BTA deal team to go out to market and investigate potential partners. It was agreed that BTA deal team would keep the Board apprised of any material developments relating to the Quality Schemes in advance of the next BTA board meeting.
4. Nigel Halkes left the meeting.

#### **Discover England Fund Update**

5. The Board noted the latest version of the Discover England Fund Paper and agreed that in order to mitigate risks around State Aid compliance as much as possible a "one size fits all" approach would not be appropriate and therefore each bid should be risk assessed on its individual merits.

#### **England BV&E Update**

6. The Board noted the latest version of the England BV&E Paper.
7. Katy Best, Kevin Murphy, Lord Thurso and Margaret Llewellyn and Richard Nobbs (of Focus Pensions) joined the meeting for the Pensions discussion and BTA Corporate Matters.

#### **Pensions Strategy Discussion**

8. Hazel Cunningham introduced Richard Nobbs to the Board and tabled a set of slides, "BTA Pension Review", to supplement the Pensions Strategy Paper. It was noted that any decisions taken by the Board on the options presented would need to comply with the published Treasury Guidelines and that any changes to the current Scheme would also be subject to approval of the Scheme Trustees and in addition, DCMS and Treasury approval. Hazel Cunningham confirmed that she was already in dialogue with the appropriate committee within DCMS.
9. Richard Nobbs provided the Board with an overview of the background to the current BTA Pensions Review, the available options and corresponding cost comparisons for each option on a phased basis. In discussing the options presented, the Board noted that long term affordability of running any type of Scheme, the existing and changing staff profile and protection of certain segments of existing members (who would be most impacted by any changes) were all key influencing factors in making any change to the existing Scheme. It was further noted that the costs of running dual Schemes would be difficult to manage for the organisation and would accordingly constitute a higher risk option.
10. The Board also discussed the findings of the benchmarking exercise carried out, the impact of recent changes in pensions legislation and the wider issue around the ongoing process of equalisation of public sector pensions schemes with those of the private sector. Any changes to the existing Pensions Scheme would also need to be reviewed in the context of the total reward package for staff. The Board recommended that a risk assessment be carried out in relation to the potential for industrial action around any changes made to the existing BTA Pensions Scheme. It was noted that it would be essential for BTA to have the full support of DCMS in making any changes to the existing Pensions Scheme to mitigate and manage any resistance from the unions.
11. The Board recommended that in advance of the follow up conference call on 26<sup>th</sup> September to discuss Pensions matters, additional modelling and calculations should be undertaken especially in relation to segments of existing members who would be most impacted by any changes introduced. The Board further recommended that at the appropriate time, a short briefing paper should be prepared for use at Ministerial level which clearly documents the key issues being faced by BTA and its rationale for adopting its preferred option. Finally, the Board approved Hazel Cunningham to provide an update to the DCMS Finance Committee on the latest status of this matter.

## **BRITAIN AND BTA CORPORATE MATTERS**

### **Minutes of the Last Meeting**

12. The Minutes of the BTA Board meeting held on 14<sup>th</sup> June 2016 were approved (subject to updating the reference to the date of the next meeting).

### Matters Arising from the Minutes

13. There were no matters arising.

### Declarations of Interest

14. Lady Cobham declared an interest regarding her position as a Trustee for Shakespeare Birthplace Trust.
15. It was noted that Margaret Llewellyn and Ian McCaig were both involved in the recruitment process for the new Chairs of the BTA Board and VE AB.
16. Katy Best provided the Board with an update on arrangements for the trip for BTA Board members to Belfast.

### MARKET UPDATE

#### CEO Overview & Update

17. Sally Balcombe provided the Board with an overview of key comments and/or priorities noting in particular:
  - Announcements of Year 1 winners for Discover England Fund
  - Ongoing impact of currency fluctuations post Brexit and the effect on core activity and potential dilution of ROI on marketing spend
  - Ongoing discussions with DCMS re relaxing the current requirement on BTA to withhold 5% contingency from its core funding
  - Freeze on all recruitment activity except for a small number of positions which have been identified as "business critical" roles (which includes Regional Director and Marketing Director roles)
  - Ongoing risk for BTA's marketing activities in the event that GREAT funding is reduced due to cost pressures
  - The importance of ensuring Ministers are continually briefed on the importance of BTA's activities, the value being delivered by BTA and the need to have GREAT funding secured to enable BTA to deliver on its targets.

#### State of the Market Snapshot

18. Sally Balcombe tabled the State of the Market Snapshot –September 2016 paper to provide the Board with an overview of recent Competitor activity, IPS Update, Connectivity news, Economic overview and domestic tourism. Post Brexit, it was noted that whilst the message was being communicated that "the weaker £GBP offered an ideal opportunity to visit Britain" this was not translating into a higher number of visits to Great Britain according to the latest statistics.

19. Patricia Yates and Richard Nicholls joined the meeting.

### **Brexit Update & Tourism Trends**

20. Patricia Yates discussed the key findings of the Post Brexit and Tourism Trends Paper including the latest update on consumer sentiment and any change in the likelihood of consumers to visit Britain. It was noted that the forthcoming Autumn Statement may lead to further developments and changes in the tourism landscape which would need careful consideration by BTA. The Board noted the importance of having continued dialogue with the Secretary of State to emphasise the importance of GREAT funding on BTA's marketing activities.
21. Patricia Yates and Richard Nicholls left the meeting.

### **Office Relocation Update**

22. Hazel Cunningham provided an update to the Board on the planned office relocation in 2017. The Board noted that discussions with Government Property Unit (GPU) were still ongoing.
23. Robin Johnson and Chris Foy joined the meeting.

### **Britain Business Visits & Events Update**

24. Chris Foy provided the Board with an update on the progress made since June's BTA Board to develop VisitBritain's BV&E Strategy. The Board was provided with an overview of the Event Support programme which was launched on 1<sup>st</sup> August 2016. The Board noted that Britain BV&E strategy was aligned with England BV&E strategy and that the EIB was fully supportive of the activities being undertaken by the VisitBritain BV&E team. It was noted that KPIs to measure the success of Britain's BV&E activities were under discussion to demonstrate added value delivered above and beyond pre-existing BV&E programmes (eg in Scotland). Kevin Murphy offered his ongoing support to further refining the Britain BV&E Strategy.
25. Chris Foy left the meeting.

### **Discover England Fund (DEF) Update**

26. The Board noted the Updated DEF paper and agreed that a short written DEF update would be provided for the next BTA Board meeting in October.
27. Carol Dray joined the meeting.

### #OMGB Update

28. Robin Johnson and Carol Dray gave a presentation to the Board on recent marketing campaign activities and the future direction for #OMGB campaigns and partnership activities with key partners including Expedia, BBC, BA & AA and Cox & Kings Group.

### PAPERS FOR INFORMATION

29. The Board duly noted the CEO Report and Paper on New and Altered Government Departments.

### Any Other Business

30. In relation to the Quality Schemes, it was agreed that any material updates on activities would be circulated to both BTA and VE AB on a timely basis to ensure both boards remained fully in the loop.

### Date of Next Meeting

31. To be held on 18<sup>th</sup> October 2016 (9am-5pm)