

# MINUTES OF THE 430th MEETING OF BRITISH TOURIST AUTHORITY

HELD AT 10.30AM ON WEDNESDAY 25<sup>th</sup> JANUARY 2017 AT

VISITBRITAIN, 20 GREAT SMITH STREET, LONDON SW1P 3BT

**Present:** Christopher Rodrigues, CBE  
Penelope, Viscountess Cobham, CBE  
Katy Best (BTA Corporate Matters)  
Angela Bray  
Margaret Llewellyn OBE (BTA Corporate Matters)  
Ian McCaig  
Kevin Murphy, OBE (BTA Corporate Matters)  
Steve Ridgway, CBE  
Giles Smith  
Lord Thurso (BTA Corporate Matters)

**Apologies:** John Lindquist

**In Attendance:** Sally Balcombe  
Hazel Cunningham  
Lola Moses, Secretary to the Board  
Andrew Stokes, England Director (for England Matters only)  
Clare Mullin (Brand Positioning Update and item 10)  
Robin Johnson (Brand Positioning Update and item 10)  
Patricia Yates (Political/Tourism Affairs)  
Carol Dray (for item 10)  
Rae Taylor (for item 10)

## ENGLAND MATTERS

### Agenda Item 1: Discover England Fund (DEF) Verbal Update

1. Andrew Stokes provided the Board with a brief update on the status of the projects for Year 1 and the activities for Years 2 and 3. The Board received an overview of the key stages of the Year 1 projects and the steps being taken to monitor and to track the delivery of the projects. The Board was advised that there have been half point update meetings with all successful Year 1 bidders, it was noted that with regards to Year 1, that there was £150,000 in additional investment which has been spent as part of the distribution strategy. It was

noted that three of the Year 1 projects have been assessed as ready to be taken to distribution, as such, Carol Dray and her team have supported the strategy around them, in particular, Golf Tourism England, the London & Partners open-jaw ticketing project and the Rail Delivery Group project with BritRail. The Board noted that the expenditure for these projects will be used in the final quarter which will move the projects on to the bookable phase.

2. Andrew Stokes advised the Board of the media event to be held on 21<sup>st</sup> March in Amsterdam, targeting the Dutch market for the relevant Year 1 projects. The Board noted that the Dutch market was one of the top markets chosen across all projects. The England regional roadshows in February and March would be supported by VisitEngland by highlighting relevant projects in each of the roadshows and they would report back on the Discover England Fund Research outputs. The Board noted that the research programme was progressing well and that the website available at [www.discoverenglandfund.org](http://www.discoverenglandfund.org) contained up to date information of the product development research.
3. The Board discussed the importance of having a communications plan for sharing the experience and best practice collated from all Year 1 projects. The Board noted that the communications plan would be utilised for the projects in Years 2 and 3. The Board noted the progress of the successful applicants and it was agreed that a detailed summary documenting the stages of the Year 1 bids would be presented at the March BTA Board.
4. Andrew Stokes advised the Board that VisitEngland received 32 expressions of interest for Year 2, with a total value of circa £38m. The Board noted that these projects were large scale and geographically diverse all led by DMO's. All projects have a minimum value of £1m over the 21 months in market. It was noted that 8 of the 32 projects had already been approved from expressions of interest and will progress with a full bid to be delivered by the end of March. A further 6 expressions of interest were asked to either resubmit or combine to resubmit, all 6 have now progressed through internal assessment, the awards panel and the unconflicted England Advisory Board members and that they were now sitting with the BTA for a decision. Andrew Stokes advised that it was anticipated that the 6 would receive sign off by the end of January, which would enable them to commence work on their business cases.
5. The Board observed that a total of 14 bids could be working up a full business case. Andrew Stokes advised that there was seed funding associated to the Year 2 expressions of interest and that consequently the applicants could claim up to £20,000 support for their business cases. All applicants were sent clear instructions by VisitEngland as to the permitted use of the seed funding. It was noted that DEF could not fund the drafting of a business case but it could fund work associated to it. The Board noted that the successful applicants would attend a workshop with VisitEngland's innovation consultants including up to three hours of individual consultancy to assist with the focus of their bids. VisitEngland's intention is that when the bids come back at the end of March that they will be taken through the internal assessment, it is anticipated that this stage in the process will take up to two months to award. It was noted that the applicants have been advised that passing from expressions of interest to a bid does not mean that funding is confirmed.

6. Andrew Stokes advised the Board on the work being carried out for the national strategic challenges. It was noted that national overarching solutions were being explored and that there were meetings coming up in the next few weeks with DCMS to take this matter forward. The Board noted that some of the Year 1 money would be spent in scoping on what some of those projects may look like.
7. The Board commented on whether there had been any update on the Welcome fund contribution. Andrew Stokes advised that he had been in regular contact with Giles Smith's team at DCMS. It was noted that there was positive feedback but no final decision and that it was anticipated that a decision would be confirmed this week. Andrew Stokes advised that VisitEngland had commenced planning for this funding and that it may be necessary to reschedule some of the activity since it may be too late to implement by the time that the funding is received and that some resources, such as the business support activity could be provided online instead. Andrew Stokes advised the Board of the additional activities being delivered. The Board noted that virtual reality tours of all the regions were being implemented online.
8. The Board commented on the importance of having communication that would be shared with Ministers, highlighting what has been achieved with the Year 1 projects and what success might look like. Andrew Stokes advised the Board that there is a budget for the communications strategy to be delivered next year.

## **PAPER FOR DECISION**

### **Agenda Item 2: Quality Schemes Update**

9. Hazel Cunningham provided an update to the Board on the outcome and recommendations for the tender in relation to National Quality Assessment Schemes. The Board referred to the Quality Scheme paper which had been tabled for the Board's decision. The Board noted that the recommendation was to approve the award of contract to the preferred bidder in respect of the tender for the delivery of the Quality Schemes with effect from 1 April 2017. The Board agreed with the Evaluation Panel's recommendation and decided that the BTA (VE) contract would be awarded to the AA. Members of the England Advisory Board, were consulted on the recommendation of contract award prior to the BTA Board and they confirmed their support of this recommendation.
10. The Board noted that of the bidders, the AA demonstrated the most economically advantageous tender based on price, quality, technical and sustainable aspects. The Board was advised that the result between the AA and G4S (now Morrisons), was not a marginal one and that the AA had surpassed Morrisons in every category identified in the tender. The Board noted that the AA were keen to move towards a sale of the Quality Schemes. In on the anniversary of the contract, it was agreed that the BTA would pursue this subject to obtaining the necessary consent for the disposal of the Schemes. The Board agreed that the BTA (VE) would initiate discussions with DCMS concerning the disposal of the Schemes.

11. The Board noted that VE would support the communications strategy concerning the award of the contract to the AA for the Quality Schemes by carrying out industry events to communicate the change. The events will include those participants that are currently represented as well as opportunities to raise awareness with new participants.
12. Hazel Cunningham confirmed that the outcome of the tender could be announced during week commencing 6<sup>th</sup> February 2017 since this was the end of the cooling off period. Hazel Cunningham outlined the steps to be taken to implement the change of the provider including the TUPE consultation for the three impacted employees from VisitEngland. It was noted that the concessions framework was utilised for the tender and that as such clarification meetings were held between the parties. Hazel Cunningham updated the Board on the exit strategy that VisitEngland would need to work on with G4S to ensure a smooth transition to the AA. The Board noted that the first six months of the contract would be spent mobilising the contract to ensure that there was a secure platform for moving forward and internally VisitEngland would commence planning for a discussion on the sale with the AA. Hazel Cunningham advised that VisitEngland would liaise closely with the Boards throughout this process. It was noted that there would be a requirement to obtain an independent valuation for the sale and to obtain Treasury approval for the sale of a public asset.
13. The Board sought clarification as to the directorate the Quality Schemes matter would sit within the AA and emphasised the importance of the Quality Schemes remaining a priority on the AA's agenda. Hazel Cunningham advised that the project was being managed by Kirsty Lloyd-Jukes, the Membership Services Director for the AA who currently has oversight for the AA's scheme. Hazel Cunningham highlighted the fact that the VisitEngland executive had met with the team at the AA and have been impressed. It was noted that the AA have a strong team and a good track record. It was noted that the Board of the AA see the Quality Schemes as part of their strategic growth. The Board discussed the steps that could be taken prior to the sale to achieve the maximum value for the asset on the sale. The Board noted the importance of keeping the AA inspired to ensure that the key focus and value drivers were being pursued.
14. The Board noted that an extract of the report on the Quality Schemes tender would be provided to Giles Smith to enable him to notify Ministers of the award of contract to the AA. Giles Smith commented that he was content with the approach taken concerning the Quality Schemes and noted that there had been a robust process in carrying out the tender. The Board discussed the importance of stakeholder management including the need to make announcements to the sector ensuring awareness of the new contract. Andrew Stokes advised that AA would be part of the communications exercise and the Board noted the credibility of the AA in the market.

Andrew Stokes left the meeting on completion of Board discussions on England only matters.

Margaret Llewellyn, Lord Thurso, Kevin Murphy and Patricia Yates joined the meeting for Britain and BTA Corporate Matters.

## **BRITAIN AND BTA CORPORATE MATTERS**

15. The Chairman welcomed the Board to the meeting and updated members on the new appointment for the BTA Board. The Board congratulated Steve Ridgeway CBE noting that he would commence as Chairman of the BTA in April.
16. Apologies were received from John Lindquist.

### **Agenda Item 3: Minutes of the Last Meeting**

17. The Minutes of the BTA Board meeting held on 6<sup>th</sup> December 2016 were approved.

### **Matters Arising from the Minutes**

18. There were no matters arising.

### **Agenda Item 4: Declarations of Interest**

19. There were no declarations of interest.

## **MARKET UPDATE**

### **Agenda Item 5: CEO Overview & Observations**

20. Sally Balcombe provided the Board with a brief overview of key comments and/or priorities noting:
  - Five of the nine GREAT markets showed a decline in tourism during the first three quarters of last year.
  - The current forecast for the final quarter of last year is strong, most notably November and December indicate that 2016 will be a record year for the UK.
  - A second round of Brexit research is to be carried out with the focus on travel to the UK, the outcome of the research will be brought back to the Board.
  - The Board were reminded of the ongoing costs pressures on BTA. The Board noted that a bid was placed with DCMS for further financial resource to cover legal advice on the pensions.
  - The allocation of the 1% contingency (£980k) will be applied to this quarter to 31st March 2017.
  - The ongoing impact of currency fluctuations in the value of the (£) pound post Brexit was discussed. The Board noted that although it is a cost-efficient time to visit Britain

the political and security climate in Europe meant that currency fluctuations in the (£) pound was not the first consideration.

21. The Board agreed that it would be beneficial for Sally Balcombe and Giles Smith to liaise on the above points to prepare a summary to enable such matters to be brought to the attention of the Secretary of State to highlight these points in Cabinet. Giles Smith commented that he was content to work with the Board to take this matter further. The Board noted the importance of Ministers being aware of such matters.
22. Sally Balcombe advised the Board that quarter 4 is the busiest time for the organisation. It was noted that there were many projects underway and that the VisitBritain was being financially stretched.
23. Sally Balcombe advised the Board of the recent TripAdvisor announcement, it was noted that among the top Bed and Breakfasts in the World, England had five of the top ten, the top Bed and Breakfast being in Dorset. The Board noted that there had been a vast amount of press coverage on the matter.

Katy Best joined the meeting

#### **Agenda Item 6: State of the Market Snapshot**

24. Sally Balcombe tabled the state of the Market Snapshot - January 2017 Paper and provided the Board with an overview of the recent competitive activity. The following points were highlighted: -
  - Brand USA were finding it challenging to hit their targets and it was noted that the strong currency of the US Dollar had impacted this.
  - Tourism Australia has been consistent when compared to its performance last year. The Board noted that Tourism Australia continues to invest heavily in China which has been enhanced by leveraging their partnership with China Southern.
  - France had a difficult year last year after the terrorist attacks and this impacted travel to and from France. The Board noted that there had been a significant decrease of inbound as well as outbound travel. France has had some recovery but most of it has been intra-European.
  - It was noted that there were opportunities for Britain in the Long-haul markets like China where France has traditionally been stronger.
  - Domestic tourism, still faced challenges for Britain in terms of overnight trips but day strips continue to grow.
  - Business confidence has slightly reduced when compared to the first quarter of 2016.
  - Connectivity news, it was noted that Britain has a lot of new connections coming in, with more connections coming in to Edinburgh. Norwegian Airlines is getting more active.

- It was noted that there was a lot of opportunity from the USA and Hong Kong.
- Visitor spending is up, with Scotland and Wales and England all increased. A mixed picture with England a decline in the North-East of England was noted. Holidays had declined but business travel was strong.

### **Agenda Item 8: Political/Tourism Affairs PDP Engagement Strategy**

25. Patricia Yates was invited to discuss the Government's Industrial Strategy with the Board, the following points were noted: -.
- It was noted that ten pillars have been identified by Government they are not sector specific and include matters such as encouraging trade and inward investment, cultivating world leading sectors and driving growth across the whole country. The Board noted that the challenge for VisitBritain is forming a tourism sector agreement with Government that considers policy areas that would enable tourism to flourish.
  - It was noted that the tourism sector is far more fragmented when compared to other sectors. Patricia Yates, has been approached by the retail sector, wishing to participate in international retail, indicating that they do not see themselves as being part of the tourism sector. VisitBritain will be considering as part of its agenda for the next Tourism Industry Council the key areas that the tourism industry should be focusing on that covers the various interests.
  - Government see this as an opportunity to engage with the tourism sector. Giles Smith noted that the challenge for him was exploring tools for unlocking Government engagement to develop a tourism sector deal across Government. It was noted that Giles Smith would work closely with Sally Balcombe and Patricia Yates on this matter.
  - Sally Balcombe noted the key challenges such as pitching the strategy at the right level and ensuring that the policy covers domestic and international.
  - The Board considered the various constituents, it was noted the benefits of aligning with other sectors e.g. transport and education.
  - Sector skills for tourism and the impact of Brexit was discussed. It was noted that there was a specific challenge in deciding the approach to be taken to sector skills since the Brexit settlement is uncertain at this stage. The Board observed that Brexit would impact the Industrial Strategy and noted the need to change and adapt throughout the process.
  - Giles Smith advised that DCMS would be working with the devolved administrations on the Industrial Strategy to develop a sector plan and that BTA would be engaged as part of the process.
26. Patricia Yates referred to her PDP Engagement Strategy Paper that was tabled. The Board noted the contents of the paper. The importance of joint working to extend networks was highlighted. Sally Balcombe commented on the drivers for the PDP Engagement Strategy

Paper and the financial opportunities that would arise from leveraging with BTA's public and diplomacy partners.

27. The Chair commented that the paper was very comprehensive and had a structured approach.

Carol Dray, Rae Taylor, Clare Mullin and Robin Johnson were invited to the Board for item 10.

## **ITEMS FOR DECISION**

### **Agenda Item 10: Business Plan 17/18**

28. Clare Mullin was welcomed by the Board as the new Marketing Director for VisitBritain, it was noted that a large percentage of VisitBritain's budget is spent on marketing activity.
29. The Board received a presentation together with a verbal report on the Strategic Plan for 2017/2018. Sally Balcombe took the Board through the presentation, the following points were highlighted: -
  - On the strategic priorities slide it was highlighted that conversion and partnerships were key to growth across the whole of the UK.
  - It was noted that delivering growth is a significant driver, the corporate priority for England remains the delivery of the Discover England Fund.
  - The importance on the delivery of the fund and return on investment from GREAT is vital.
  - The Board recognised the work undertaken in research and insight and VisitBritain's plan to do more in this area as such research is invaluable to the tourism industry.
  - Partnerships is a priority, not just commercial partnerships it was noted that public partners, retail and strategic partners are included and the need to build better relationships to leverage assets that the partners bring.
  - The Board noted the underlying corporate priorities which included spending money efficiently. Pensions and the freedoms were discussed and the need to demonstrate to Government that BTA is low on the risk register.
  - The Board were advised of the costs pressures upon the BTA on its Core funding, the slide demonstrating this was referred to and it was noted that there was a £3m gap. On the GREAT funding the Board noted the challenges on irrecoverable VAT.
  - Increased targets for Retail were noted and the real contribution the team makes to VisitBritain. An £80,000 saving for this year was noted.
  - Sally Balcombe advised on the costs savings that were achieved by consolidating roles. It was noted that £800,000 across the organisation have been taken out of staff costs.

- The Board noted that the cost efficiencies identified across the organisation have resulted in the financial gap coming down from a £3m gap to 1.7m gap.
- Round two of the cost efficiencies included focusing on the markets and activity spend. The Board were reminded that the BTA had made a strategic decision not to reduce footprint, as such, VisitBritain have not pulled out of any markets. It was noted that VisitBritain were still moving forward in Korea. Sally Balcombe commented that although VisitBritain has kept a presence in these markets it will not be full service in all markets. It was noted that VisitBritain would be shifting towards a more focused approach by targeting specific cities. The Board noted that the approach was not a blanket approach and would depend on the market.
- The Board noted the significant changes made for greater financial efficiencies and resulted in a reallocation of the financial resources and spending money in a more focused way. Sally Balcombe took the Board through the financial constraints that will face BTA in 2017/18.
- The directors commented on the various areas of their contribution to the plan. Carol Dray took the Board through the activities of the commercial team. The Board noted the targeted approach taken with partners
- The Board discussed the metrics used for the Strategic Plan and noted that it was a model driven piece of work. The Board agreed to the approach taken in the Strategic Plan for 2017/18.

Carol Dray, Rae Taylor, Clare Mullin, Robin Johnson and Patricia Yates left the meeting.

The Board thanked Carol Dray for finalising the Expedia contract in the USA. It was noted that the advertisement had received vast attention.

## **VERBAL UPDATES**

### **Agenda Item 13: DEF**

30. The Board noted the latest information on DEF for Year 1 it was noted that most bids were now in the distribution phase. It was noted that the business cases for the Year 2 bids will come back to the Board at the end of March for a decision.

### **Agenda Item 11: Quality Schemes Update**

31. Hazel Cunningham reported that the tender for a combined contract bringing all schemes together had concluded and it was decided under the England matter earlier that the contract is going to the AA as the preferred partner. It was noted that the AA will receive a three-year contract for the combined delivery of the Quality Schemes.

32. The Board noted that the future of Quality Schemes and the value of that IP will be considered further as to whether there is a proposition to move forward with a sale or other long term arrangement.
33. The Chair commented that the full paper has not been circulated due to some England Privileged matters. It was noted that the AA demonstrated an innovative approach to the tender. Hazel Cunningham emphasised that at this stage the tender outcome was subject to strict confidentiality.

#### **Agenda Item 14: Pensions Update**

34. Hazel Cunningham updated the Board on the latest developments with the pensions. The Board noted that there have been further developments in case law and that it would be necessary for the BTA to consider the approach to pensions further. For existing staff, it was agreed that the end of the calendar year would be the deadline for a solution and that regarding new staff, there was a strong case for continuing with the previous strategy for the DC Scheme with effect from 1st April 2017. The Board agreed to this approach and the move to setting up the DC Scheme.

#### **PAPERS FOR INFORMATION**

35. The Board approved the papers provided for information to be taken as read. On the matter of the risk register, a question was raised as to the risk of terrorism attacks. Hazel Cunningham clarified that BTA have processes in place including a crisis management policy, it was noted that terrorism would always be a risk with limited mitigation. The Board agreed that this should still be maintained on the register.

Clare Mullin and Robin Johnson returned for item 12.

#### **PAPER FOR DECISION**

#### **Agenda Item 12 Brand Positioning Update**

36. Clare Mullin and Robin Johnson presented the Brand Proposition paper, it was noted that this item was now rebranded to "Great Britain Tourism Story". The Board noted the following matters: -
  - It was noted that there was a clearer picture on the target segments for marketing.
  - The Board noted the overall GREAT story and the link into brand values. Clare and Robin reported that they were testing the values and had received a positive response from partners concerning the direction.
  - The Board discussed the extent that the British food offer was a key experience.

- The Board commented on the tourism brand text, it was noted that this would be used for internal sign posting but was not yet ready to be copywritten. The Board noted that the recommendation of “GREAT Britain island without boundaries” concerns about the political environment post Brexit were noted and the possible issue with depicting Britain as an island without borders.
- Clare Mullin commented that this matter would come back to the March Board with a further update.

#### **Any Other Business**

None.

#### **Date of Next Meeting**

37. To be held on Wednesday, 8<sup>th</sup> March 2017