

**MINUTES OF THE 418th MEETING OF VISITBRITAIN  
HELD AT 1.00PM ON MONDAY 27 APRIL 2015 AT  
VISITBRITAIN, 20 GREAT SMITH STREET, LONDON SW1P 3BT**

**Present:** Christopher Rodrigues, CBE  
Katy Best  
Lise-Anne Boissiere  
Dr. Michael Cantlay, OBE  
Penelope, Viscountess Cobham, CBE  
Dan Clayton Jones, OBE  
John Lindquist  
Ian McCaig  
Kevin Murphy  
Steve Ridgway CBE

**In Attendance:** Sally Balcombe, Chief Executive  
Joss Croft, Director of Marketing  
Hazel Cunningham, Business Services Director  
Patricia Yates, Director, Strategy and Communications  
Ros Carey, Secretary to the Board  
Karen Clarkson, Regional Manager North America for Market  
Presentation: The Americas item  
Samuel Lloyd, Manager, Latin America for Market  
Presentation: The Americas item

1. The Chairman welcomed Lise-Anne Boissiere and Hazel Cunningham to their first meeting of the Board.

**Minutes of the Last Meeting**

2. The minutes of the meeting held on 10 February 2015 were approved and signed.

**Matters Arising from the Minutes**

3. There were no matters arising.

**Declarations of Interest**

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

**Review of Market Conditions**

5. Sally Balcombe presented her Market Snapshot noting that:

- The IPS results for February 2015 showed that visit spend was down 19% against a record £1.19 billion in February 2014 but that the rolling twelve month period up to, and including, February had set a new record with spend amounting to £21.36 billion; and
  - During February 2015 overseas visits to the UK from the EU15 countries declined by 12% compared to February 2014 although visits from other EU countries had increased by 19%;
6. The Board expressed concern that the decline in visitor numbers from the EU15 might be indicative of a decline due to the strength of sterling.
  7. Sally Balcombe also drew the Board's attention to a range of improvements which competitor countries had made to their visa regimes.

### **Chief Executive's Report**

8. Sally Balcombe introduced her report, highlighting in particular that:
  - There had been a huge amount of marketing activity during February and March. The Countryside campaign had been extended to Canada and Switzerland; Love is GREAT, Culture is GREAT and Music is GREAT activity had all been live in market and the Guest of Honour campaign with London & Partners was in the final stages of delivery;
  - That the overseas offices had also been undertaking a great deal of activity including the Russia Mission which had taken place at the Ambassador's Residence in Moscow bringing fifteen UK suppliers together with over one-hundred buyers from Russia, Azerbaijan and Kazakstan. The British Ambassador had also hosted a reception sponsored by VisitScotland;
  - The Executive had been working closely with VisitEngland on the planning for the delivery of the Northern Futures and South West Funds;
  - The new media centre had gone live in early March: twenty-three versions were in operation across the Network and the featured content could be changed on each site to tailor messages to the media in market;
  - That trade events had been held in the South West and in Yorkshire on either side of Explore GB. The latter had been very successful and had attracted a record two-hundred and sixty-one buyers from forty countries; and
  - That she had attended and spoken at the GREAT Festival of Creativity in Shanghai, attended by the Duke of Cambridge, which had targeted top influencers in China and showcased the best of British creativity and innovation across a range of sectors including film, luxury and health.

9. Sally Balcombe also reported that the Visa Refund Scheme, under which £4.4 million had been made available to refund the cost of 50,000 UK visas for Chinese visitors, had been launched successfully. However, the implementation of the Scheme would be extremely challenging as VisitBritain would be working with up to fifty travel agents in China and a rigorous audit process would need to be in place to ensure that visitors benefiting from the refunds had actually visited the UK and had fulfilled the criteria of spending four nights in London and eight elsewhere in Britain. Additional staff had therefore been recruited in Shanghai to supplement the team.
10. John Lindquist reported that the Audit Committee had asked PwC to review the Refund Scheme's design and controls and would be undertaking further internal audits in the middle, and at the end of, the Scheme.
11. Mike Cantlay referred to the recent announcement by Heathrow of a new route development fund to improve UK domestic connectivity and stressed its importance in terms of delivering regional spread given the reduction in domestic flights over recent years.

#### **Market Presentation: The Americas**

12. Karen Clarkson and Sam Lloyd joined the meeting and each gave an interesting and informative presentation on the markets which they managed.
13. Sam Lloyd began by briefing the Board on inbound market trends from Latin America with a particular focus on Brazil which had made up 40% of visits and spend from the region over the previous five years and had shown 44% growth over the same period. Argentina and Mexico had also show strong growth over the same period of 226% and 67% respectively and each country had delivered a total spend of £62 million in 2013.
14. Sam Lloyd also briefed the Board on current marketing activity and noted that Destination Britain Americas would be held in Mexico in September 2015: the aim was to take ninety suppliers and attract one-hundred and fifty buyers from the USA, Canada, Mexico, Columbia and Brazil.
15. Karen Clarkson then briefed the Board on market conditions and inbound trends from the USA and Canada.
16. Whilst the USA had shown growth in recent years in terms of visits numbers the market remained considerably smaller than in the 1990s: nevertheless it remained the most important inbound market to Britain contributing 12% of all visitor spend. Canada was ranked tenth by value contributing 3% of all visitor spend. Karen Clarkson also noted that both countries performed well in terms of delivering regional spread.

17. Karen Clarkson also briefed the Board on the macro environment in the US and Canada and how inbound travel from the US to competitor destinations was performing.
18. The Board discussed the dichotomy posed by the fact that at a time when exchange rates made the UK good value for US visitors, it made it more expensive for VisitBritain to undertake marketing activity and deliver regional spread.
19. The Chairman remarked that the Strategic Partners should work together to re-energise the US market and Sally Balcombe responded that VisitBritain had a plan for the US which she would be happy to discuss with colleague Chief Executives.

### **Tri-ennial Review**

20. Sally Balcombe introduced Hazel Cunningham's paper which briefed the Board on the action being taken to implement the recommendations in the Tri-ennial Review Report: noting that VisitBritain and VisitEngland had produced a joint implementation plan which had been discussed with DCMS.
21. Hazel Cunningham noted that DCMS had also produced an implementation plan and the aim was to ensure that both plans remained aligned.
22. The Chairman expressed surprise that the timetable for implementation was spread over the whole of the financial year. Sally Balcombe replied that this was largely due to pressure of work, coupled with the assumption that direct funding for VisitEngland would not be re-instated until 1 April 2016, but that she would review with DCMS if any actions could be accelerated.

### **Comprehensive Spending Review**

23. Patricia Yates introduced her paper which briefed the Board on initial discussions with DCMS on the forthcoming Comprehensive Spending Review.
24. As an unprotected Department, DCMS anticipated that its budget would be cut by 10% year on year.
25. Patricia Yates advised the Board that VisitBritain had been asked to submit its case and had then been one of a small number of ALBs called in for an initial discussion with officials.
26. In line with previous guidance from the Board, the case which had been submitted, which had been based on the ambition set out in the 2020 Strategy, argued that there was an opportunity to use tourism to deliver economic growth across the nations and regions of Britain.

27. To achieve this, additional investment from all Government sources, including but not limited to DCMS and GREAT funding, would be required but VisitBritain would grow this further by increasing commercial and partnership income.
28. Sally Balcombe advised the Board that she felt it would be crucial, in support of the bid, to be able to illustrate the value of the network, including in terms of acting as a catalyst in market to bring together public diplomacy partners. To this end the Executive was working to quantify the value which VisitBritain added in this area.
29. The Board then debated the likelihood of a bid for additional funding meeting with success and counselled that the Executive should also prepare scenarios for year on year funding cuts of 10% whilst being absolutely clear on the impact which further cuts would have. The Board also felt that the organisation would already not be financially if the GREAT funding was withdrawn.
30. John Lindquist also noted the importance of drawing attention to the fact that VisitBritain was not currently funded to undertake business tourism and should quantify the resource needed to carry out the role. Sally Balcombe agreed and noted that she was waiting to talk to officials at DCMS about what was expected in VisitBritain in this area following the Tri-ennial Review.

#### **Procurement Update**

31. Hazel Cunningham introduced his paper which reported on the action being taken to address the issues raised by the NAO and PwC Reports.
32. Hazel Cunningham advised the Board that a request for retrospective approval to use off-framework suppliers had been submitted to DCMS on 10 March 2015. As reported at the previous Board meeting, if retrospective approval could not be obtained before the Annual Accounts were finalised in June 2015, it was extremely likely that this would lead to a qualification of the C&AG's regularity audit opinion on BTA's 2014-15 Accounts.
33. The Executive had also submitted a request for an exemption from the mandatory use of marketing frameworks and approval had been sought to future procurement strategy.
34. Approval for all of these items was awaited.

#### **UK VAT HMRC Audit: New Method Proposal Update**

35. Hazel Cunningham introduced her paper which briefed the Board on negotiations with HMRC to agree a new, cost-based, method of recovering VAT. Although initial calculations suggested that this would lead to an increase in irrecoverable VAT of around £800,000 due from BTA (i.e. VisitBritain and VisitEngland), it was nevertheless considered to be the method which was likely to produce the most favorable result.

36. The Board also noted that changes to the nature of BTA's business and potential changes to procurement arrangements, for example in relation to campaign costs, were also likely to impact adversely on the overall level of VAT recovery.
37. Hazel Cunningham advised the Board that the new recovery arrangement would be back-dated to 1 April 2015 but that she had advised HMRC that unless agreement could be reached shortly it would become impossible to back-date to the beginning of the financial year.
38. In conclusion Hazel Cunningham said that she would ensure that the Board was updated regularly on progress.

### **Target Setting for 2015-16**

39. Patricia Yates introduced her paper.
40. At its last meeting, the Board had debated the options and agreed that, subject to budget the targets to aim for should clearly be maximum volume and value which would also deliver the best regional spread results. However in view of the fact that VisitBritain's funding would reduce in 2015/16 it had been agreed to recommend to DCMS that VisitBritain be given that a series of targets for core GIA, which had been pitched between achieving high growth and high regional spread.
41. Patricia Yates advised the Board that the methodology used to develop the targets had been shared with National Tourist Board Chief Executives and Heads of Research prior to the previous Board meeting. Following the Board meeting and discussions with DCMS, further briefings had been held with the relevant research heads to update them on the model and final numbers, and explain the detail underpinning it. Visit England and Visit Wales, whilst content with the methodology as was VisitScotland, had both expressed a desire for "operational level" measurement and / or targets to give visibility to the nations on their promotion.
42. Patricia Yates then reported that, after reviewing core GIA and GREAT funding and projections for partnership funding and retail income in 2015/16, the targets had been revised upwards and that, in 2015-16, VisitBritain would deliver:
- £557 million of additional visitor spend via core GIA and a further £225 million 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.
43. The Board noted that a breakdown of these targets by visits and spend was contained in the paper and that the Executive would share evaluation methodology with colleagues in the National Tourist Boards to ensure transparency.

44. Dan Clayton Jones noted that Visit Wales did not consider that the targets for Wales were high enough. Sally Balcombe said that she would be discussing Visit Wales concerns further with Manon Antoniazzi.
45. Lady Cobham noted that it was also important that the Marketing Directors understood what activities VisitBritain would be undertaking and how they would be measured.
46. In response, Joss Croft advised that he would be meeting Colleague Marketing Directors and hoped to circulate a Marketing Plan, which would include details of VisitBritain's evaluation methodology, in May.

#### **Business Plan and Budget 2015/16**

47. Patricia Yates presented her paper which sought approval for the Business Plan and Budget 2015/16 which the Board duly approved.

#### **VisitEngland Business Plan and Budget**

48. The Board approved VisitEngland's outline Business Plan and Budget for 2015/16 noting that it had already been approved by the VisitEngland Board.

#### **British Tourist Authority Consolidated Budget 2015/16**

49. The Board approved the consolidated budget for 2015/16.

#### **Digital Transformation Programme Update**

50. Sally Balcombe briefed the Board on progress on the digital transformation project.
51. As reported at the previous meeting, annual savings of £446,000 had been made to date and the new CRM system together with the Media Centre and BritAgent had all gone live in March and April.
52. Sally Balcombe also reported that the launch of the new Corporate website would now take place at the end of May or in early June and that the Consumer site was expected to launch in mid-September.

#### **Draft Minutes of the Meeting of the Audit Committee**

53. John Lindquist introduced the draft minutes of the meeting of the Audit Committee held on 10 February 2015 highlighting:
- That the Committee continued to devote time to procurement and the new VAT recovery method, both of which had been the subject of papers earlier in the meeting; and

- That the Committee had received a report from Sally Balcombe and James Berresford on the outcome of the Tri-ennial Review and the implementation plan and was assuming that it would continue to operate as a joint VisitBritain / VisitEngland Committee for the remainder of the financial year.

### **VisitBritain and VisitEngland Management Accounts**

54. Hazel Cunningham introduced her paper.
55. The Board noted VisitBritain and VisitEngland's Management Accounts to 28 February 2015 and 31 January 2015 respectively and the report on the movements on foreign exchange contracts reaching maturity in the year to 31 December 2014.
56. Hazel Cunningham advised the Board that following negotiations, DCMS had agreed that the projected underspend by VisitBritain could be used to make additional contributions to the pension deficit recovery plan: the exact amount would depend on the position at the year-end.
57. In the case of VisitEngland, DCMS had agreed to cover any year-end overspend as a result of the redundancies made by VisitEngland following the closure of the RGF Programme and the outcome of the Tri-ennial Review.
58. In conclusion, Hazel Cunningham reported on the Executive's plans to purchase foreign currency to cover VisitBritain's requirements during the financial year and agreed to bring a more detailed paper to the next meeting.

### **Tourism Trends**

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

### **Secretariat Items**

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

### **Any Other Business**

61. There was no other business.

### **Date of Next Meeting**

51. To be held on 16 June 2015
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