

**MINUTES OF THE 422nd MEETING OF VISITBRITAIN
HELD AT 9.00AM ON TUESDAY 8 DECEMBER 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
John Lindquist
Margaret Llewellyn OBE
Ian McCaig
Steve Ridgway CBE

Apologies: Kevin Murphy

In Attendance: Sally Balcombe, Chief Executive
Joss Croft, Director of Marketing for Minutes of Last Meeting onwards
Robin Johnson, Acting Director Overseas Operators, Trade &
Commercial for Minutes of Last Meeting onwards
Patricia Yates, Director, Strategy and Communications for Minutes of
Last Meeting onwards
Ros Carey, Secretary to the Board
Richard Nobbs, Focus Pensions, for part of Pensions Strategy item

Deep Dive: CSR Outcome

VisitBritain / VisitEngland Governance Post Comprehensive Spending Review

1. A copy of the letter dated 25 November 2015 from the Secretary to State for Culture Media and Sport to the Chairman and Lady Cobham was tabled.
2. The Chairman noted that the Secretary of State's letter advised:
 - That accountability for delivery of England and Britain activity was to be consolidated into the remit of the British Tourist Authority (BTA) trading as VisitBritain and VisitEngland;
 - That the budgets allocated to VisitBritain and VisitEngland would be ring-fenced and, to ensure complete alignment in approach, the Chief Officer of VisitEngland would report to the Accounting Officer and Chief Executive of the BTA;
 - That the VisitEngland Board would be an advisory body responsible for advising the Executive and Board of the BTA; and

- That the CSR settlements for VisitBritain and VisitEngland would be conditional on receiving confirmation by 9 December that the governance changes had taken effect.
3. In response to the Secretary of State's request, Sally Balcombe tabled a paper which proposed the changes to the BTA's governance arrangements which would need to be implemented to give effect to the changes required. The paper also set out the areas where it was proposed that the VisitEngland Board should focus its attention in providing advice to the BTA Board.
 4. Sally Balcombe advised the Board that the CSR settlement letter was awaited. The core grant-in-aid settlement was expected to be flat and DCMS would also be seeking further efficiency savings but, in the current climate, the outcome was exceptionally good coupled as it was with the announcement of the Discover England Fund and increased funding for the GREAT programme. However irrespective of this, there would be immense pressure to make savings because the administration costs for the Discover England Fund which had been announced as part of the CSR settlement, would need to be found from VisitEngland's ring-fenced grant-in-aid and, additionally, increased irrecoverable VAT and pension deficit funding were also expected to increase substantially.
 5. The Chairman noted that there would inevitably need to be a restructuring to implement the new governance arrangements and it would be necessary to try to arrange an additional Board meeting to discuss and approve the top-line changes proposed by Sally Balcombe.
 6. The Chairman also noted that he, Lady Cobham, Sally Balcombe and James Berresford were concerned to provide clarity for staff as soon as possible and were well aware just how disconcerting the present uncertainty was for people.
 7. The Board then discussed at some length the implications of the governance changes proposed in Sally Balcombe's paper. The Board was unanimous in agreeing that the changes must be implemented immediately in order to provide the Secretary of State with the confirmation which he sought in order to secure future funding for VisitBritain and VisitEngland.
 8. The Board then approved the paper for transmission to DCMS subject to the Chairman first making the amendments which had been agreed in the meeting.
 9. The discussion on refining future Strategy was deferred.
 10. Joss Croft, Hazel Cunningham, Robin Johnson and Patricia Yates joined the meeting.

Minutes of the Last Meeting

11. The minutes of the meeting held on 27 October 2015 were approved and signed.

Matters Arising from the Minutes

12. There were no matters arising.

Declarations of Interest

13. There were no declarations of interest.

Review of Market Conditions

14. Sally Balcombe introduced her report highlighting that:

- Tourism Australia was now working with thirty-three key distribution partners in China to attract more high-yielding travellers to Australia;
- That the French Embassy in India would be offering three or five year circulation visas to facilitate travel throughout the Schengen area;
- That Qantas was planning to introduce a non-stop service from Perth to London by 2017; Qatar Airways was introducing a new Doha to Birmingham route in March 2016; Hainan Airlines would be flying from Beijing to Manchester four times a week from June 2016 and Blue Air would add four new services from Romania to Great Britain in the summer of 2016;
- Provisional IPS data for September had been released: visits were up 2% in September and 3% in the year to date. However, spending had been flat in September and was 2% down on the year to date. Overall, holiday visits were flat for the year to date and business visits up by 8%.

Chief Executive's Report

15. Sally Balcombe introduced her report highlighting in particular that:

- The Moments campaign would launch on 11 January in all of five markets: China, USA, France, Germany and Brazil;
- A wealth of activity continued to take place around the world on the Bond is GREAT campaign;
- The **North and South West** campaigns were entering their delivery phases and the target for placing all media for both campaigns was 18 December;
- The Team continued to work with the fifty contracted Chinese travel agents to roll out the China Visa Refund Scheme. By the end of November 9,399 claims had been received with an increase in submissions following the end of peak season. Following negotiations with DCMS and the FCO to agree a "light-touch" evidence requirement for

wholesalers who were experiencing difficulty in getting the relevant evidence from their sub-agents, a solution had been identified and it was hoped to implement it within the week;

- In November, Patricia Yates had led the 7th Destination Britain China. Over seventy British suppliers met over one-hundred buyers from across China and over 8,000 pre-scheduled appointments had been held over the two days of the event;
 - Buyer and supplier registration for ExploreGB had now closed: three hundred buyers and the same number of UK suppliers had registered for the event at the ACC in Liverpool; and
 - In response to the terrorist attacks in Paris, and subsequent security alerts in Brussels, the Executive had activated VisitBritain's crisis communications groups and had been monitoring consumer and trade sentiment throughout the network and ensuring that visitors knew that Britain was open as usual. Initial reports of cancellations from some markets had been short lived.
16. Hazel Cunningham reported that agreement had still not been reached on a new VAT recovery methodology and a meeting had been arranged between all the all parties, HMRC, British Tourist Authority and DCMS, in January 2016 in an effort to progress negotiations.
 17. Sally Balcombe said that, as reported at the previous meeting, the effect of the new procurement procedures was continuing to have a negative impact on recoverable VAT and the possibility of being granted greater freedoms, such as those enjoyed by Historic England, was being explored.
 18. The Chairman then reported on his recent trip to Mexico with the Secretary of State.
 19. In conclusion, Sally Balcombe recorded her thanks to Lise-Anne Boissiere and her team for the support which they had given VisitBritain during the CSR process and, also, to Patricia Yates and Hazel Cunningham for the enormous amount of work which they had undertaken.

Crisis Communications Update

20. Patricia Yates introduced her paper which briefed the Board on VisitBritain's crisis management procedures. The paper had been produced in response the Board's request at its last meeting when Members had asked if the Executive had plans in place to respond to the aftermath of a series of global terrorist attacks.
21. The procedures, which had been established in 2001, aimed to provide a coordinated tourism industry response to a crisis, assess its impact and provide information to DCMS and other Government Departments and agencies as necessary. In the event of a multi-country terrorism attack the team would also link into COBR through DCMS.

22. Patricia Yates advised the Board that , inter alia, VisitEngland, VisitScotland, Visit Wales and London & Partners were fully engaged and that the procedures drew on lessons learnt from previous crises including the July 2005 London terrorist bombings.

VisitEngland Management Accounts for the year to 30 September 2015

23. Hazel Cunningham introduced her paper which briefed the Board on VisitEngland's financial position at 30 September 2015.
24. The Board noted that the core grant-in-aid budget was underspent by £488k: primarily due to project delays, delays in filling staff vacancies and irrecoverable VAT savings.
24. Steve Ridgway left the meeting.

Tourism Trends

25. Patricia Yates introduced Richard Nicholls paper which briefed the Board on the latest tourism survey data and market conditions and drew the Board's attention to the material on future indicators.
26. Patricia Yates noted that, in response to Margaret Llewellyn's request, arrival numbers at Cardiff airport and ferry arrival had been added to the report.
27. John Lindquist then advised Colleagues that, following his suggestion at the last meeting, Richard Nicholls had developed a very useful currency exchange rate index and asked that this be included in future reports.

Perceptions of Britain and Competitor Activity Briefs

28. Patricia Yates introduced the briefs which had been prepared at the Board's request as background reading for the Deep Dive session.
29. The Board was particularly interested in the Arkenford research conducted in 2013 which had looked at perceptions of Britain and its competitors and the extent to which these drove tourism decisions across twenty-three countries.
30. In response to a question from the Chairman, Joss Croft confirmed that the Executive had responded to the research by taking a market by market approach to marketing.
31. The Board also discussed the GfK Anholt Nations Brand Index (NBI) which VisitBritain had subscribed to since 2008.
32. Patricia Yates explained that the NBI was an annual study conducted amongst 20,000 consumers in twenty countries. Respondents were asked to score 50 nations (including the UK) on a number of attributes including some relating to tourism, culture and welcome.

Historically, the survey identified the UK as being perceived to be weak on natural beauty and welcome.

33. John Lindquist observed that the survey threw up some interesting disconnects such as the fact that the UK had a very low market share of Chinese visitors yet they rated the UK very highly in the NBI.
34. It was agreed that both briefs should be recirculated for the next meeting.

International Passengers Survey Update

35. Patricia Yates introduced Richard Nicholls' paper which briefed the Board on a number of issues relating to the International Passenger Survey (IPS).
36. In response to a question at the previous meeting, Patricia Yates advised that the IPs did not include visits by cruise ships to UK ports and that there were no plans at present to include them. However, the Office of National Statistics, which conducted the IPS, had undertaken some analysis of estimated spending by port of call cruise visitors and a copy of this was attached to the paper. The results of this work indicated that the total impact of cruise visitors' spend on the total inbound spend was too low to make a significant impact. Therefore, there were currently no plans to include cruise data in the survey although this decision would be reviewed on a regular basis.
37. Patricia Yates also drew the Board's attention to the ONS's Sampling Optimisation Project which could result in smaller sample sizes and which would be a matter of concern for VisitBritain.

Secretariat

38. The Board noted the programme of meetings for 2016 and the Tourism Events Diary.
39. The possibility of holding an annual out of town meeting was discussed so that Board Members might engage with colleagues on the other UK national tourist boards. The Chairman said he would consider how best to proceed.

Any Other Business

40. There was no other business.

British Tourist Authority Pensions Strategy

41. Hazel Cunningham introduced her paper which set out future options for the pension schemes offered by the BTA.
42. Following discussion, it was also agreed that a further report should be brought back to the Board in March 2016

Date of Next Meeting

43. To be held on 26 January 2016