

**MINUTES OF THE 419th MEETING OF VISITBRITAIN
HELD AT 9.00AM ON TUESDAY 16 JUNE 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
Hazel Cunningham, Business Services Director
Patricia Yates, Director, Strategy and Communications
Ros Carey, Secretary to the Board
David Edwards, Head of Research and Forecasting for VisitBritain
Evaluation item

Minutes of the Last Meeting

1. The minutes of the meeting held on 27 April 2015 were approved and signed.

Matters Arising from the Minutes

2. There were no matters arising.

Declarations of Interest

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

Review of Market Conditions

4. Sally Balcombe presented her Market Snapshot and reported in some detail on the latest IPS data for April 2015 which showed that spend was up by 1% against April 2014 and that, in the twelve months to April 2015, it had been on a par with the previous twelve months.

5. Sally Balcombe also drew the Board's attention to the significant additional investment which the Australian Government had allocated to Tourism Australia and other areas of activity designed to attract inward investment and to promote the country as a destination. Meanwhile, Brand USA had mounted a campaign to persuade Australians to choose a holiday in the US rather than in Europe.

Chief Executive's Report

6. Sally Balcombe introduced her report, highlighting in particular that:
 - Provisional results showed that Football is GREAT activity with the Premier League had generated over £2 million of marketing in kind during the 2014/15 season and had enabled VisitBritain to extend its reach in counties where it had no physical presence. Discussions were underway to renew the partnership for the 2015/16 season;
 - The inaugural Tour De Yorkshire cycle race had taken place in May with the aim of improving the perception of Yorkshire as a tourist destination in France, The Netherlands and Germany: VisitBritain had partnered with Welcome to Yorkshire to deliver marketing activity in territory;
 - A Value campaign in the US, Germany and France was being rolled out that week. This campaign had a value of £345,000 and offered consumers an interactive guide to Britain and a "downloadable" PDF guide designed by Yahoo!. A targeted late-booking campaign with Accor Hotels would be launched in June.
 - Following the Tri-ennial Review recommendation that VisitBritain should draw up a high level marketing plan in consultation with the national tourist boards, a draft had been circulated to the Marketing Directors for approval and Joss Croft would be responding to their comments;
 - Destination Britain APMEA 2015, which had been attended by the Chairman, had taken place in Indonesia in May. Fifty-three UK suppliers had attended and the event had attracted eighty-four buyers;
 - The new e-commerce platform had been launched on 9 June and was trading successfully, showing a 19% increase in conversion rates and a decrease in customer service issues. The new corporate website had also been launched. Both formed part of the digital transformation project;
 - A response was still awaited from HMRC in relation to the proposals which had been submitted for a new VAT recovery method;
 - Retrospective approval to use off-framework suppliers had been received from DCMS and Cabinet Office and NAO had confirmed that the C&AG's regularity

opinion on BTA's 2014/15 Accounts would not be qualified. However, identifying a future strategy which would allow VisitBritain to go off-framework in certain instances was proving difficult; and

- Targets, including for regional spread, had been agreed with DCMS for 2015/16 and a formal letter was awaited from the Minister.
7. Sally Balcombe then reported on her recent trip to the New York office where she had been struck by the speed with which the digital landscape in the US was moving and the fact that, in terms of content, consumers now wanted images rather than words.
 8. The team in New York was extremely busy and Sally Balcombe praised their high levels of energy and passion noting that it was increasingly challenging to obtain the quality of media coverage which the PR team aimed for as all stories now had to be 'sold-in'. Preparations were also well underway for Destination Britain Americas 2015, which was set to be the biggest event which VisitBritain had ever held in the Americas. Work was also being undertaken on the various challenge funds, including those managed by VisitEngland.
 9. The Chairman noted that the Strategic Partner Chairmen had previously agreed that their organisations should work together to re-invigorate the US market. Sally Balcombe noted that joint activity was undertaken but that the biggest problem was the lack of bookable product outside London and this could only be addressed by working with the industry.
 10. The Board then held a short discussion on the deterrent effect of Air Passenger Duty on consumers' decision making.

VisitBritain Evaluation

11. David Edwards joined the meeting.
12. Patricia Yates introduced the item noting that the evaluation programme had been the subject of several audits and reviews over the years and, most recently, VisitBritain's evaluation activity had been praised by the NAO in its review of the Government's GREAT campaign.
13. David Edwards then gave an interesting and informative presentation to brief the Board on VisitBritain's evaluation programme, covering in some detail the activities which were evaluated, the methodology used and whether regional spread could be measured in relation to each activity.
14. David Edwards went on to describe how the evaluation results enabled VisitBritain to identify which marketing activities produced the best results and the challenges which sometimes arose in evaluating partnership marketing activity and how these were overcome.
15. In conclusion, David Edwards advised the Board that the VisitBritain was making increasing use of analytics to complement its evaluation programme and that the

team was involved at the planning stage to make sure that activities would be measurable.

16. David Edwards then responded to a range of questions from Board Members during which he confirmed that the Strategic Partners' evaluation methodology was broadly similar in relation to consumer and digital activity albeit less so in relation to B2B.
17. Lady Cobham agreed that VisitBritain and VisitEngland had aligned their methodologies to the extent necessary but that said that VisitEngland still needed to understand what activities VisitBritain would employ to deliver its regional spread targets and how progress would be reported to the Strategic Partners in order that they could monitor VisitBritain's performance noting that, overall, there was more work to be done.
18. Sally Balcombe responded that VisitBritain had held a lengthy series of meeting with the Strategic Partners and that this had resulted in a pragmatic set of targets but that there was more work to be done in relation to the evaluation of some activities, such as B2B, in order to evaluate their regional impact.
19. In response to a question from Ian McCaig as to the areas in which further collaboration was needed, Lady Cobham cited VisitBritain's high level Marketing Plan as an example.
20. Mike Cantlay then noted that the discussion was somewhat academic in light of the forthcoming Spending Review and that the primary focus at the present should be to secure continued funding for VisitBritain.
21. Sally Balcombe agreed that funding was a key issue noting that, based on available funding, VisitBritain did not have sufficient resource to deliver against the Strategic Partners' aspirations and that it was VisitBritain's role to decide how best to deliver against the targets, which had now been set by Ministers, but that VisitBritain would report regularly against progress.
22. Lise-Anne Boissiere commented that the suggestion that the Strategic Partners work together to support VisitBritain's Spending Review bid was a powerful one as it would serve to provide re-assurance that funding would be effectively deployed and its value maximised through collaboration.
23. Steve Ridgway commented on the need for the Strategic Partners to agree the principles which would guide their joint working. Sally Balcombe advised that an engagement protocol would be the subject of discussion at the forthcoming meeting of the Chief Executives. She also highlighted the importance of partnership working noting that it was not solely a question of what VisitBritain should deliver for the Strategic Partners but also needed to encompass what VisitBritain would need from them in order to deliver its targets.
24. The Chairman drew the discussion to a close remarking that the outstanding issues surrounding the way in which the Strategic Partners worked together were for the

Chief Executive to resolve and he would not expect them to be referred back to the Board in the round.

25. The Chairman then noted that David Edwards would shortly be leaving VisitBritain and thanked him for the enormous contribution which he had made to the organisation.

26. David Edwards left the meeting.

China Visa Refund Scheme 2015/16

27. Sally Balcombe introduced the paper from Robin Johnson and Hazel Cunningham's paper which briefed the Board on progress on the design and implementation of the China Visa Refund Scheme.

28. The Scheme had been announced by the Chancellor of the Exchequer in September 2014 and VisitBritain had been charged with its design and administration. The objective of the scheme was to increase the number of Chinese visitors to the UK, and encourage them to explore more of Britain on their visit. It was intended as a pilot scheme to test the impact of small scale interventions on an emerging tourism market.

29. The Scheme was open to all Chinese tour operators who met a pre-set range of criteria to ensure quality and accountability. The number of visa refunds has been set at 50,000 in 2015/16 and would be issued by eligible and approved tour operators on a first come, first served basis to consumers. The maximum value of refunds per tour operator had been capped at £150,000.

30. Hazel Cunningham reported that the Audit Committee had reviewed the Scheme and its governance documents at its last meeting and was content with the arrangements although it was recognised that there were a number of significant risks associated with the project, including the impact of exchange rates and the willingness of tour operators to participate.

31. John Lindquist advised Colleagues that PwC had reviewed the design of the Scheme prior to implementation and that the Audit Committee had ensured that it featured in the internal audit work plan for the year.

32. Hazel Cunningham added that robust processes had been put in place to audit and verify all claims submitted by tour operators.

Procurement Strategy

33. Sally Balcombe reported that, as mentioned earlier in the meeting, it had been hoped that, working with DCMS and Cabinet Office, a strategy would already have been identified to enable VisitBritain to go off-framework in certain instances when working with commercial partners. In an attempt to resolve the matter, a workshop had been

arranged for the following week involving all of the relevant parties and she and Lise-Anne Boissiere would both be attending.

34. Failure to resolve this had resulted in some key partners being unable to work with VisitBritain. This was of great concern as the optimal time for campaigns to be in market had passed and the organisation's ability to meet its targets for the year had therefore been reduced substantially.

British Tourist Boards' Staff Pension and Life Assurance Scheme: Commutation Rates

35. At its meeting in February, the Board had been invited to approve increases in the commutation rates as recommended by the Trustees and had requested additional information on the likely financial impact of the recommendation in order to make a decision.
36. A further report had now been received from the Scheme Actuary as a result of which the Board approved an increase in the commutation rate, which was currently 9 to 1, of 16.5 to 1 at age 55; 15 to 1 at age 60; and 13.5 to 1 at age 65.

Annual Report and Accounts 2014/15

37. Hazel Cunningham introduced her paper noting that the Audit Committee had reviewed the Annual Report and Accounts and recommended that they be signed by the Accounting Officer subject to any final comments from the Committee's Chairman who had subsequently confirmed that he was content.
38. Meanwhile, since the Board papers had been circulated, the NAO had requested some final amendments which Hazel Cunningham then outlined to the Board.
39. Subject to incorporating the amendments requested by NAO, the Board approved the Annual Report and Accounts for signature by the Accounting Officer.
40. The Chairman thanked Hazel Cunningham and the team for their hard work and diligence in preparing the Report and Accounts.

Audit Committee Annual Report to the Board

41. John Linquist presented his Committee's report to the Board which was duly noted.

Draft Minutes of the Audit Committee's Last Meeting

42. The draft minutes of the meeting held on 2 June were not yet available and it was agreed that they would be circulated to the Board once they had been approved by the Chairman of the Committee.

Digital Transformation Programme: Phase 1 Update

43. Sally Balcombe introduced Steve Bircumshaw's paper noting that, as previously reported, the corporate and retail websites were now live and that the programme continued to be well managed.
44. The launch of the consumer site had been slightly delayed but was now scheduled for launch in October 2015.
45. Sally Balcombe also reported that costs for phase 1 of the Programme were forecast to be around £700,000, considerably less than the original budget of £1 million, and significant savings had also been delivered nine months' earlier than anticipated.

Analysis of Foreign Exchange Gains / Losses at 31 March 2015 and Purchases in 2015 / 16

46. Hazel Cunningham introduced her report which briefed the Board on unrealised foreign exchange losses in the previous financial year; and purchases in the current year made via forward contracts for the period May 2015 to March 2016. These purchases had been made following a review of the annual budget and were based on the estimated currency spend identified as a result.

British Tourist Authority Consolidated Management Accounts for the year to 31 March 2015

47. The Board noted the consolidated Management Accounts for the year to 31 March 2015.

VisitBritain and VisitEngland Management Accounts for the year to 31 March 2014

48. The Board noted VisitBritain and VisitEngland's Management Accounts for the year to 31 March 2015.
49. The Board congratulated the retail team on the delivery of a net profit of £1.3 million during the year.

Reconciliation of Statutory and Management Accounts as at 31 March 2015

50. The Board noted the reconciliation of the Statutory and Management Accounts.

Tourism Trends

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

Secretariat Items

52. The Board noted the programmes of meetings for 2015 and 2016, the Tourism Events Diary and the Forward Agenda.

Any Other Business

53. There was no other business.

Date of Next Meeting

54. To be held on 15 September 2015