

**MINUTES OF THE 421st MEETING OF VISITBRITAIN  
HELD AT 11.00PM ON TUESDAY 27 OCTOBER 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  
Kevin Murphy  
Steve Ridgway CBE

**In Attendance:** Sally Balcombe, Chief Executive  
Patricia Yates, Director, Strategy and Communications  
Ros Carey, Secretary to the Board  
Robin Johnson, Head of Overseas Operations  
Rumina Hill, Head of Analytics and Evaluation for Corporate  
Dashboard item

1. The Chairman welcomed Margaret Llewellyn to her first meeting.

**Minutes of the Last Meeting**

2. The minutes of the meeting held on 15 September 2015 were approved and signed.

**Matters Arising from the Minutes**

3. There were no matters arising.

**Declarations of Interest**

4. Lady Cobham declared an interest in any discussions relating to Airbnb in her capacity as Deputy Chairman of Pagefield Communications of which Airbnb was a client.

**Review of Market Conditions**

5. Sally Balcombe introduced her report highlighting that:

- France and Spain continued to invest heavily in tourism and that the Chinese President had announced an intention to make 2016 a China / US tourism year to attract 5 million visits between the two nations;
  - Provisional IPS data for August had been released. Visits were up 2% year on year but spending was 2% down. Within this, holiday visits were flat whilst business visits had grown by 6% in the year to date; and
  - UK airports continued to see strong growth, including out in the nations and regions, and PwC was forecasting continued growth in hotel occupancy and average daily rate, although at a lower rate than in 2015.
6. There was a short discussion about the extent to which cruise data was included in IPS figures and Sally Balcombe said she would check on this and report back.

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

7. Sally Balcombe introduced her report highlighting in particular:
- That VisitBritain's annual stakeholder review had been launched on 13 October when its four-year results, which had previously been circulated to the Board, had been announced. The event had been attended by the Minister for Sport and Tourism, Tracey Crouch MP;
- That the launch of the Moments campaign, which had been originally designed to be conducted on social media only in its first phase, had been postponed until the New Year following further consideration and discussions with the Chairman. The aim now was to ensure that the campaign reached more of Britain's potential visitors at an early stage;
  - That a press launch had been held in London in mid-October to announce VisitBritain's partnership with Turkish Airlines, the first for a national tourist board. The launch would cement the GCC and India campaigns and set the stage for further development of core markets across the Middle East and India; and
  - That VisitBritain had continued to work closely with VisitEngland to deliver the international elements of the various UK Tourism Funds. Tactical activity for the Northern Tourism Growth Fund had begun in market and campaign activity for the other Funds was at varying stages of development. The South West Tourism Growth Fund would be live from January and the GREAT Inverness Loch Ness campaign would also go live in the USA, France and Netherlands after Christmas. This would inevitably place the team under a great deal of pressure during the last quarter of the financial year.
8. Sally Balcombe then reported on progress on the China Visa Refund Scheme. One ongoing issue was that wholesalers, which accounted for around 40% of the total allocated visa refunds, were experiencing difficulty in getting the relevant evidence from their sub-

agents in order to submit claims. This had been raised with DCMS, which was reviewing a proposed solution to increase the volume of claims from wholesalers.

9. The Chairman stressed the need to ensure that all claims were supported by sufficient evidence to satisfy audit purposes and Lise-Anne Boissiere confirmed that DCMS was cognisant of this.
10. Kevin Murphy joined the meeting.
11. Sally Balcombe then reported:
  - That there has been a wealth of Press and PR activity around the Bond is GREAT campaign and the Rugby World Cup which, in the latter case, had been undertaken in partnership with VisitEngland;
  - VIBE had been held in London and Liverpool on the 13 and 15 October. The event in London had been attended by eighty UK organisations and the event in Liverpool, which had been run as part of the Northern Futures programme exclusively for organisations based in the North of England, by 46 organisations. This was the first time that VIBE has been held outside London and it had been enormously successful and well received;
  - That the new retail platform continued to improve the sales performance of the on-line shops with conversion 17% higher in September compared to 2014. This was the 4th consecutive month that has seen a double digit growth in conversion; and
  - That the new marketing partnerships procurement procedures had been implemented and the first two major strategic partners had been tendered publically and awarded to Easyjet and Expedia.
12. Sally Balcombe then reported that VisitBritain had still been not reached agreement on a new VAT methodology with HMRC.
13. Meanwhile, VisitBritain was starting to see the effects of the new procurement procedures because partners' cash contributions were being managed outside the BTA accounts and this was reducing the amount of VAT which was recoverable.
14. DCMS had now asked British Tourist Authority (BTA) to dispute HMRC's judgement that VAT should be applied to the element of grant-in-aid applied to partnership campaigns but the continuing uncertainty had placed BTA in an onerous position in terms of managing its tax liability and business planning and HMRC had been asked to agree to leave the existing methodology in place until the end of the financial year. Their response was awaited.
15. Sally Balcombe also reported that the tri-ennial review of the British Tourist Boards' Pension Scheme was expected to result in a significant increase in the level of funding which VisitBritain would have to contribute to the deficit. Taken together with the VAT situation, it was conceivable that the organisation could be facing an increase in overhead costs of several million pounds. This had been noted in the CSR bid and DCMS was aware.

16. The Chairman noted that it might be necessary to circulate a paper on pension issues prior to the next meeting.
17. In conclusion, Sally Balcombe reported on progress in implementing the Tri-ennial Review recommendations, including progress on the separation of VisitBritain and VisitEngland.
18. In light of the recent hacking of the Talk Talk website, the Chairman asked that a review of data security be undertaken. John Lindquist advised that this review was already on the agenda for the next meeting of the Audit Committee and the Chairman asked that the outcome be reported back to the Board but that the Board be alerted immediately if any significant cause for concern was discovered.
19. Referring to an item in Sally Balcombe's report on the growth of Dublin Airport as a transatlantic hub, Katy Best said that this was not solely because it offered pre-clearance through US immigration: it was also because of the lower rate of APD in force which was impacting on traffic from Belfast.
20. The Chairman then reported on his and Sally Balcombe's meeting with Keith Williams, Executive Chairman of British Airways and his attendance at the UNWTO T20 meeting when the possible effects of major terrorist attacks on global tourism had been a source of concern.
21. In response to a question from Mike Cantlay, Patricia Yates advised the Board that VisitBritain led the Tourism Industry Emergency Response Group which was convened in a crisis to agree messaging and action following an event which impacted on British Tourism and that this group included representatives from all of the Strategic Partners.
22. In conclusion, the Chairman reported on his attendance at DB Americas in Mexico. This had been the first time that VisitBritain had combined the North and South American shows and had been the largest show outside the UK which VisitBritain had ever organised. However, the Chairman observed that there was still work to be done in ensuring that the suppliers attending were offering a joined-up package of products.

### **Outline VisitBritain Corporate Strategy**

23. Sally Balcombe introduced this item. She advised the Board that, although the outcome of the CSR would undoubtedly impact on VisitBritain's future direction, she had been conscious that there had been a hiatus whilst the organisation awaited the outcome of the Tri-ennial Review and that she had felt it imperative to start to develop a new strategy which would be scalable whatever the CSR outcome.
24. Patricia Yates then outlined the external environment and context against which the strategy was being developed. With the likely focus of targets on additional visits and revenue, sustainability and regional growth, it was proposed that the priorities should be:

- Knowing VisitBritain's customers and international markets and continuing to be focussed on outcomes,
  - Taking customers from inspiration to conversion to advocacy to ensure all activity was focussed on driving business;
  - Building bookable regional product: working with key travel trade companies, intermediaries and on-line agencies to enable them to sell Britain more effectively;
  - Making partnerships fundamental to all VisitBritain's activities; strengthening relationships with Strategic and Public Diplomacy Partners and developing and building on marketing partnerships;
  - Continuing VisitBritain's transformation into a digital organisation: becoming a curator and aggregator, as well as a creator of content, targeting third party websites which reach VisitBritain's customer segments and working with influencers;
  - Being more flexible with the organisation's international footprint: more nuance than 'in market or out' and able to harness talent wherever it sits in the organisation; and
  - Building a compelling brand overseas.
25. The Chairman advised the Board that the Strategy would be brought back to the next meeting but asked if Members were content for work to proceed around the focus and priorities outlined by Sally Balcombe and Patricia Yates.
26. There was general agreement to, and support for, the work undertaken by the Executive but it was agreed that before the strategy was finalised, absolute clarity would be needed from DCMS on what it required VisitBritain to deliver as, for instance, promoting regional spread would not deliver the highest volume and value in visitor numbers and spend.
27. Board Members also made a number of suggestions for developing the work.
28. In order to provide additional context, Ian McCaig requested that, prior to the next meeting, the Board receive briefings on competitor spend and innovative practices introduced by competitor tourist boards which VisitBritain could learn from. Katy Best also requested a briefing on how inbound visitors viewed the UK vis-à-vis other destinations.

### **Corporate Dashboard**

29. Rumina Hill joined the meeting.
30. Sally Balcombe introduced Rumina Hill's paper, which invited the Board to comment on the revised dashboard which was under development and which had been designed to provide a better picture of the current state of business rather than an historic snapshot which had been the case with the previous dashboard:
31. Rumina Hill then talked the Board through the contents of the Dashboard, adding that a page on regional spread data would also be added, before responding to questions.
32. In response to a suggestion from Katy Best it was agreed that partner spend should be added to the campaign calendar alongside VisitBritain's investment.

33. The Board joined the Chairman in congratulating Rumina Hill on her excellent work.

34. Rumina Hill then left the meeting.

### **Inbound Tourism Forecast**

35. The Chairman introduced Richard Nicholl's paper which sought approval for the central volume and value forecasts for inbound tourism for 2016 and the revised 2015 forecast.

36. The Board approved the revised forecast for 2015 of 35.4 million visits and spend of £22 billion; increases of 2.8% and 0.7% respectively on 2014.

37. For 2016 the Board approved the central forecast that visits would grow by 3.8% to 36.7 million and spend by 4.2% to £22.9 billion.

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

38. John Lindquist introduced Hazel Cunningham's paper which presented the draft minutes of the Audit Committee meeting held on 9 September.

39. John Lindquist noted that the Committee had reviewed progress in relation to procurement, the China Visa Refund scheme and negotiations with HMRC on a new VAT recovery methodology.

### **Management Accounts for the year to 30 September 2015**

40. The Board noted the Management Accounts for the period to 30 September 2015 and the expanded management information pack.

41. The Board noted that both the grant-in-aid and GREAT budgets were underspent against original projections. This was due to a variety of reasons, including delays attributable to procurement issues, but the effect would be to push even more activity into the final quarter of the financial year.

### **Transport Select Committee Inquiry into Surface Transport at Airports**

42. The Board noted VisitBritain's response to the Committee's Inquiry.

### **Tourism Trends**

43. Patricia Yates introduced Richard Nicholls' paper which briefed the board on the latest data and market conditions.

44. In response to a question from Margaret Llewellyn, Patricia Yates said she would investigate the possibility of including passenger numbers for ferry companies in future reports.

**Secretariat Items**

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

**Any Other Business**

46. There was no other business.

**Date of Next Meeting**

47. To be held on 8 December 2015