

CONFIDENTIAL

MINUTES OF THE 449TH MEETING OF THE BRITISH TOURIST AUTHORITY HELD AT 10:00 ON WEDNESDAY 24TH JUNE 2020 VIA TELECONFERENCE

Present:

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| Rt Hon Sir Patrick McLoughlin | Chairman |
| Nick de Bois | Board Member / VisitEngland Advisory Board Chairman (ex-officio) |
| Ian Edwards | Board Member / Wales Representative (ex-officio) |
| Robin Frewer | Board Member |
| Peter Gowers | Board Member |
| Carol Hui | Board Member / Audit & Risk Committee Chair |
| Dame Judith Macgregor | Board Member / Remuneration & People Performance Committee Chair |
| Karin Sheppard | Board Member |
| Lord John Thurso | Board Member / VisitScotland Chairman (ex-officio) |
| Giles Smith | DCMS, Observer |
| Katy Best | Northern Ireland Tourist Board, Observer |
| Mark Taylor | London and Partners, Observer |

In Attendance:

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| Sally Balcombe | Chief Executive / Accounting Officer |
| Patricia Yates | Director of Strategy & Communications |
| Peter Mills | Business Services Director |
| Debra Lang | Director of People & Talent and Transformation |
| Gavin Landry | Director Americas (item 15) |
| Robin Johnson | Director Europe (item 15) |
| Andrew Stokes | England Director (for England Update, items 9, 10, 11) |
| Henry Bankes | General Counsel and Company Secretary |
| Dale Rustige | Governance Executive (minutes) |

Agenda item 1. Chairman's Update and Introduction

1. The Chairman welcomed the Board to the meeting.
2. The Board gave a warm welcome to Rt Hon Sir Patrick McLoughlin at his first meeting as Chairman of the BTA Board. Sir Patrick's appointment formally began on 1st June 2020.

Agenda item 2: Apologies

3. There were no apologies received.

Agenda item 3: Declarations of Interest

4. There were no new declarations of interest.

Agenda item 4: Minutes of the Previous Meetings

5. The minutes of the meetings held on 31st March and 12th May 2020 (extraordinary Board meeting) were approved.

Agenda item 5: Matters Arising

6. There were no matters arising.

STRATEGY, PERFORMANCE AND OUTLOOK

Agenda item 6: Political Update & Engagement

7. The Political Update & Engagement paper was noted by the Board. Patricia Yates provided a verbal update in reference to the paper.
8. It was noted that the government has updated the social distancing measures from 2 meters to 1 meter-plus. Consumer sentiment is still leaning on the side of caution. TIER meetings have been held regularly, which is a forum that brings industry and government together to discuss current issues. Furthermore, the industry standard is ready to go and will be launched on 25th June.
9. The focus by government would be on domestic tourism in the initial stages. For the international market, it was noted that tourism corridors would be agreed between an agreed list of countries; these corridors would allow travel to and from those countries and waive the requirement for a 14-day quarantine when travelling back into the UK.
10. Consumer sentiment research on consumer intent for travelling to the UK shows that consumers were still uncertain on wanting to travel to the UK. Unanticipated flight cancellations also had an impact on consumer sentiment and flight bookings were still low for leisure travel.
11. A date has not yet been given on when business events, conferences and mass gatherings can resume. The Board noted its concerns that this lack of clarity puts the business events industry and trade at a huge disadvantage. This would be further impacted by the lag in bookings when business events do resume, as the sector generally books events several months to years in advance; this lag would mean that recovery will likely be slow for businesses in this sector. Stephen Darke noted that he would flag this up internally and enquire whether government guidance could be issued particularly for when business events can open back up, including maximum numbers allowed for attendees.

Agenda item 7: Funding and Budget Update 2020/21

12. The Funding Update paper was noted by the Board. The paper provided an overview on the BTA's current funding and budget position for 2020/21. Peter Mills provided a verbal update in reference to the paper.
13. The online retail shop has experience financial challenges as a result of the Covid-19 pandemic, which has seen a major decline in sales. This has impacted the benefit received by the BTA from recoverable VAT with commercial income from the retail shop. Commercial income has seen a reduction of over 90% and this would have a material impact on the BTA's ability to recover VAT. Furthermore, the BTA would normally use overseas income as a natural foreign exchange hedge. The drop in retail income has had an adverse effect on this area and further costs may be incurred.
14. It was noted that staff turnover during the lockdown has been very low and would usually be around 5% at a minimum. The financial implications arising from the low turnover would have to be considered in the budget.
15. The Board was informed that the BTA has experienced some disruption on receiving approval for funding on activity spend for the rest of the 2020/21 financial year. There have been some delays during the lockdown, including some additional processes which had been put in place for seeking approval from Cabinet. The Board was informed that several million has now been approved and should be sufficient to take the organisation through the autumn. Approval was still being sought for the BTA's core funding from DCMS. It has also been flagged with DCMS that the capital budget of £186k was insufficient; approval has been sought for moving resource budget across to capital to cover any shortfall.

Agenda item 8: BTA Dashboard

16. The BTA Dashboard paper has been noted by the Board. Sally Balcombe provided a verbal update in reference to the paper.

17. The BTA's current priorities in the present moment had been shifted to focus on Covid-19 and recovery. The organisation has been working hard during the lockdown and a huge amount of work has been going on. One of the key priorities internally was on staff welfare and the leadership are confident that this area is being covered well.
18. The BTA has been engaging closely with government on the impact of Covid-19 to the tourism industry. Both daily and weekly communication campaigns have been hosted and delivered. The BTA's role as an advisor to government has also been stepped up in support of both the industry and government.
19. The organisation has delivered against the audit recommendations, particularly on procurement policy, record management, including standard operating procedures for managing single tender actions.

ENGLAND UPDATE

Agenda item 9: The Industry Standard

20. The Industry Standard paper was noted by the Board. Andrew Stokes provided a verbal update in reference to the paper. The Standard will be launched on 25th June and most businesses have already signed up to service level agreements. This campaign should be predicted to reach up to 30,000 small and mid-size enterprises (SMEs). This initiative would then be followed by the Get To Know campaign.
21. It was noted that the VisitEngland team had campaigned for a second round of funding to go out to Destination Management Organisations (DMOs); this follows from the success of the first round of funding which saw 57 DMOs receive support. Business recovery seminars had also been launched to support the industry, which has been developed in collaboration with key partners; 1,500 registrations have been received for the seminars.

Agenda item 10: England Marketing

22. The Marketing paper was noted by the Board and was taken as read. The key highlight of the report would be the soft launch of the Know Before You Go messaging campaign, and the keystone to this was the Industry Standard.

Agenda item 11: English Tourism Week (ETW)

23. The English Tourism Week paper was noted by the Board and was taken as read. ETW has gone very well and engagement has been excellent across various channels, particularly via social media. The Meet GB virtual event had also been a success and has generated plenty of interest from suppliers across industry.

DEVOLVED NATIONS

Agenda item 12: VisitScotland Update

24. Lord Thurso provided the Board with a verbal update on Scotland matters. Scotland has taken a very cautious approach in its lockdown measures. Residents have been prohibited from travelling more than five miles from their homes. There were some indications that the Scottish government would start opening things up from 15th July.
25. Scotland takes 11% of its GDP from tourism. Its tourism model is more regional and seasonal. Therefore, the impact compared to the rest of the UK would have some key differences. There has been specific funding from government directly for DMOs to ensure their survival, particularly ones that are in more remote areas.
26. VisitScotland has used its consumer page as a key conduit for messaging across industry and businesses. The domestic marketing campaign was due to be launched in this week. Day trips has been a major part of Scotland's and this has been highlighted in the campaign. Forward bookings being received for B&Bs and holiday homes currently appear greater in comparison to hotel bookings being made.
27. Messaging for local communities would be looked at in relation to engagement with visitors visiting their areas, and highlighting the importance of tourism and visitors to their local economy. The theme would be to encourage a warm

welcoming message. Scottish sentiment is leaning strongly on using their own cars for transport and a reluctance to using public transport. There has been little to no appetite to go abroad this year. There have been strong indicators on taking domestic breaks.

Agenda item 13: Wales Update

28. Ian Edwards provided the Board with a verbal update on Wales. The lockdown measures in Wales currently mirrors Scotland. There have been indications of the Welsh government wanting to open things up by mid-July. Direct support has been provided to DMOs by the government.
29. Wales is very close to English cities and have a reliance on visitors from these areas for income. There have been major concerns regarding the supply chain side and the ability of these businesses to stay afloat and recover. However, there has not yet been any news relating to plans of opening up hospitality businesses, pubs and restaurants, which is a cause for concern.
30. Sentiment has been a challenge and work would be done with local communities regarding welcoming back visitors and safe opening.
31. The Welsh government would find it a challenge to support extending the furlough beyond October 2020 for the hospitality industry. The industry has been lobbying hard on this area, as there is a high risk of big losses in this sector.

Agenda item 14: Northern Ireland Update

32. Katy Best provided the Board with a verbal update on Northern Ireland.
33. Katy noted that she is part of Northern Ireland's tourism recovery steering group. There have been six key priorities agreed on the roadmap for return and these have been aligned to efforts being made across the UK. The opening of businesses would also be consistent with what is being done in England.
34. Guidance specific to the Northern Ireland market has also been developed, in collaboration with VisitEngland team.
35. The Northern Ireland government has provided grants to help boost tourism and industry recovery.
36. There has been extensive campaigning across the UK, also highlighting the extension of the season. The brand focus is on a warm welcome for visitors, rather than just being happy that they are there visiting. The campaign would focus on using real life stories using influencers and how they are travelling in the current climate.

BRITAIN MATTERS

Agenda item 15: View from International Markets

37. The Board noted two papers, which provided individual updates on the European and American market.
38. Gavin Landry provided the Board with an update on the American market. He provided a background of the picture of the US economy last year, with unemployment being less than 1% and a good performance on getting inbound visitors from the US to the UK. This current picture has been a stark contrast following Covid-19. The stock market dipped 10% and unemployment has dropped to 20%. It was noted however, that the US government is pushing ahead with getting things re-opened quickly. Many states have now fully opened, with some undergoing a phased re-opening.
39. There US have plans to start reintroducing air routes by the end of June 2020. Airlines were also taking the strategy of redistributing air travel resources to other destinations, while travel to other countries are down. Surveys undertaken with distributors show that 80% would prioritise the UK as a destination. However, the 14-day quarantine is posing as a barrier for potential visitors from the US, as most Americans only have seven days' annual leave.

40. Robin Johnson provided a verbal update on the European market. Robin noted that two-thirds of international visits to the UK is from Europe, making it a key market. Europe is currently ahead of the UK in terms starting to open its inbound tourism sector and connectivity is starting to open. Airlines will start putting up 30-40% capacity in its flights, with more towards the end of the year. Air bridge announcements would be a critical factor and it is particularly important that our biggest markets are included in the list.
41. The Board was informed that there would be fierce competition with other European countries in attracting tourism visitors. A number of countries have already received a big investment from their governments on tourism marketing. Therefore, the UK would need to consider these factors. Other factors include any entry requirements for visitors, policy and investment from government to generate demand from Europe, and data and research on markets to help inform investment decisions.

CORPORATE MATTERS

Agenda item 16: Remuneration and People Performance Committee (RPC) Update

42. Dame Judith Macgregor provided the Board with a verbal update on the Committee's recent meeting in June 2020.
43. The Committee had been provided a report on the People Strategy, which has been in its initial stages of development. There also appears to be a good focus on the development of the HR team's structure, which includes taking on a new model of business partnering approach.
44. The results of the Staff Survey for 2020 was reviewed by the Committee. It had agreed that the data would be useful in informing future workforce development.
45. There has been plenty of work being done on ensuring that the BTA's policies, including HR ones, were updated and reviewed. The Committee had reviewed a number of policies relevant to its remit at its June meeting.
46. **Discussion on consolidated and non-consolidated pay**
 - (i) The Board was provided with an update on the Committee's review and recommendations relating to the End of Year Performance & Pay Strategy for 2020/21. The Board was informed that a paper had been provided to the Committee, which outlined the 2020/21 proposals for review. The Board was also informed that one of the key aims of the proposals was to continue to bring up the pay of staff in lower bands.
 - (ii) The Board was informed that during the Committee's detailed discussion regarding the non-consolidated pay / bonus proposals in the paper, concerns were raised by some members on what the potential perceptions may be on awarding bonuses during the current climate of industry losses and economic downturn. It was agreed at the time that this would be looked in more detail after its meeting and recommendations would be taken to the Board.
 - (iii) The Board was informed that following subsequent meetings between the BTA Chairman, Judith Macgregor (RPC Chair), Chief Executive, and the Director of People & Talent, and Transformation, it was found that the BTA would be acting in line with public sector pay guidance and is compliant with policies in awarding the bonuses, and that the process was fair for staff. Furthermore, it was noted that the awards are very modest and there are no concerns regarding this.
 - (iv) The Board noted the recommendations and approved the proposals. However, it was agreed that non-consolidated pay for senior staff would be considered separately. These will be revisited and brought back to the RPC for review at its next meeting in September.

Agenda item 17. Audit & Risk Committee Update

47. Carol Hui provided the Board with a verbal update on the ARC's recent meeting in June 2020.
48. The Board was informed of some changes to the membership of the ARC. Fiona Pollard will be leaving the ARC and will be replaced by Nick de Bois; Fiona will be joining the Remuneration & People Performance Committee. The Board noted that this would be looked into in some more detail offline.

49. The ARC's current external member, Hugh Green, would be stepping down after ten years on the Committee. Following this, the section in terms of reference relating to the external audit member has been expanded slightly to ensure that the skillset required is more clearly defined.
50. The development of the Annual Report and Accounts 2019/20 has begun and progress updates would be brought to the Board. The Board was informed that the ARA 2019/20 may be qualified due to compliance matters relating to historical single tender actions and queries relating to the appropriate DCMS approval process for these. The Board was reassured that internal controls had already been further enhanced to ensure much tighter process controls were in place.
51. Various other internal control matters have been reviewed by the ARC, including: assurance statements from directors which have been revised and strengthened; the corporate risk register which has been kept up-to-date to reflect risks from the Covid pandemic and office move; incidents of reported fraud; the development of the schedule of policies and ensuring this would capture all policies across the organisation including its responsible leads.
52. The Board was informed that a tender process would be started for the appointment of new auditors as the contract with the current auditors, Mazars, will be ending. In the interim, the contract with the current auditors has been extended for another year to ensure business continuity.
53. The internal auditors presented their Internal Audit Annual Report for 2019/20 to the ARC. An area highlighted was the percentage of outstanding internal audit recommendations actioned so far, which was an area of concern. Actions had been taken to address the backlog of recommendations. There were also various internal audit recommendations relating to HR recruitment that require review and action.

Agenda item 18: Office Move Update

54. The Board noted the Office Move Update paper. Peter Mills provided the Board with a verbal update in reference to the paper. It was noted that as it currently stands, there would potentially be some delays with the space at 10 South Colonnade in Canary Wharf being available. The BTA was looking at potentially utilising space at estate it owns at 3 Grosvenor Gardens.
55. The Board was also informed that there had been some reflection on the actual space that will be required by its workforce. Remote working arrangements have worked very well for the organisation during the lockdown. Future working arrangements may look like a mix between hot-desking and remote working. The Board would be kept informed of any developments regarding the office move.

PAPERS FOR NOTING/INFORMATION

Agenda item 19: Domestic Market Sentiment

56. The Board noted the paper and took this as read.

Agenda item 20: International Impact Forecast

57. The Board noted the paper and took this as read.

Agenda item 21: Tourism Trends: Domestic and Inbound/International

58. The Board noted the papers and took this as read.

Agenda item 22: Minutes of the BTA Board Sub-committees

59. Audit & Risk Committee, June 2020) – the Board noted the minutes.
60. Remuneration & People Performance Committee, February 2020 – the Board noted the minutes.

FOR RATIFICATION

Agenda item 23: Audit & Risk Committee – Amended Terms of Reference

61. The Board noted the Audit & Risk Committee's amended terms of reference and ratified this.

Agenda item 24: Any other business

62. There was no other business to report.

Agenda item 25: Date of next meeting

63. The next meeting would be on 30th September 2020.

Agenda item 26: Meeting close

64. The meeting was closed at 1.15pm