

**CONFIDENTIAL**

**MINUTES OF THE 451<sup>ST</sup> MEETING OF THE BRITISH TOURIST AUTHORITY BOARD  
HELD AT 09:00 ON WEDNESDAY 30<sup>TH</sup> SEPTEMBER 2020 VIA TELECONFERENCE**

**Present:**

Rt Hon Lord McLoughlin CH	Chairman
Nick de Bois	Board Member / VisitEngland Advisory Board Chairman (Ex-officio)
Katy Best	Northern Ireland Tourist Board (Observer)
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
Emma Squire	Director of Arts, Heritage and Tourism, DCMS (Observer; attending in place of Duncan Parish)
Mark Taylor	London and Partners (Observer)
Lord John Thurso	Board Member / VisitScotland Chairman (Ex-officio)

**In Attendance:**

Sally Balcombe	Chief Executive / Accounting Officer
Patricia Yates	Director of Strategy & Communications
Andrew Stokes	England Director
Henry Bankes	General Counsel and Company Secretary
Dale Rustige	Governance Executive (Minutes)

**Apologies:**

Duncan Parish	Deputy Director of Tourism and Cultural Diplomacy, DCMS (Observer)
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**Agenda item 1. Chairman's Update and Introductions**

1. The Chairman welcomed the Board to the meeting. Emma Squire, Director of Arts, Heritage and Tourism at DCMS, was welcomed to the meeting.

**Agenda item 2: Apologies**

2. Apologies have been received from Duncan Parish.

**Agenda item 3: Declarations of Interest/Conflicts**

3. There were no conflicts of interest to note.

**Agenda Item 4: Minutes of the Last Meeting**

4. The minutes of the meeting held on 24<sup>th</sup> June and 12<sup>th</sup> August 2020 were approved.

**Agenda item 5: Matters Arising / Action Tracker**

There were no matters arising or actions due.

## **CORPORATE MATTERS**

### **Agenda item 6: Audit & Risk Committee (ARC) Report to the Board FY 2019/20 and Draft Annual Report & Accounts 2019/20**

5. The Board noted the report from the (ARC) and it received a verbal update from Carol Hui, Chair of the ARC, in reference to the paper. The following key points were noted:
  - 5.1. The Annual Report & Accounts 2019/20 (ARA) was reviewed at the ARC meeting on 15<sup>th</sup> September. The accounts appear to be in a good place. Carol thanked the management team and BTA staff involved in the production of the ARA for their hard work and efforts.
  - 5.2. It was noted that the initial outlook of the 2019/20 accounts was that it would receive a qualified opinion from the BTA's external auditors, the National Audit Office (NAO). This was a result of some irregularities relating to the process on seeking approvals for some single-tender actions (STAs) made in the 2019/20 financial year. However, following a deep dive into the STAs concerned, it appeared that all of these had been approved in principle by DCMS. It was concluded that materiality fell below the threshold, therefore the accounts should not be qualified. The NAO's opinion would be issued to the BTA next week and the Board will be updated on the final outcome.
  - 5.3. The internal audit report from the BTA's internal auditors (Mazars) was reviewed by the ARC. An opinion of limited assurance had been provided. However, it was noted that progress has been made on internal audit recommendations on areas such as governance, assurance, and human resources.
  - 5.4. Work has been in progress on developing assurance mapping for the BTA. The Corporate Risk Register has also been reviewed, with the highest risk areas still being the Covid-19 pandemic and the resulting impact. The activities and progress of the Compliance Action Team was also reviewed and appeared in a good place.
  - 5.5. The Board was informed that Tim Hurdle had been appointed by the ARC as its independent external member.
6. The draft Annual Report & Accounts 2019/20 was noted by the Board. It was noted that the final draft would be circulated to the Board to seek its approval prior to its signing by the Accounting Officer.

### **Agenda item 7: Q1 Forecast and Finance Update**

7. The Board noted the paper and received a verbal update from Peter Mills and Tim Pemberton in reference to the paper.
8. The following points were noted:
  - 8.1. The operating costs of the BTA was in line with forecasted figures.
  - 8.2. Funds from the Discover England Fund (DEF) has been repurposed, with approval from DCMS, to provide emergency support to Destination Management Organisations (DMOs) in need.
  - 8.3. There has been significant pressure on VisitBritain's core budget. A £250k investment required on performing essential upgrades on the retail platform and website has recently been factored in. The vacancy rate has also not netted any savings due to the low turnover of staff during the pandemic. There has also been an impact from the lack of VAT savings from the reduced income of the online shop.
  - 8.4. The cost of the office move has been budgeted and this would be monitored closely.
  - 8.5. The current deficit is at £250k and this would be managed and closely monitored towards the end of year.
9. The Board had a discussion regarding non-consolidated pay awards not being made this year. It was noted that there has been close communications with staff on this, including the reasons behind why bonuses could not be awarded this year. The sentiment from staff has been generally sanguine and that there has been an understanding of the situation. The Board also noted that the BTA has worked hard to keep staff employed, and avoided the need to furlough or make redundancies.

10. The Board noted a comment from its membership regarding the BTA having been asked to relocate during the past few years and the impact this has had; including the high costs involved with each move, which could have been spent on marketing or activities. The Board was informed that DCMS does understand the frustrations regarding this and it usually does try to provide additional help and funding. Unfortunately, additional help has not been possible this year due to pressures. It was also noted that the current relocation is a result of central government's initiative to move all government estates outside of London as part of the wider cost saving agenda.

#### **Agenda item 8: Remuneration and People Performance Committee (RPC) Update**

11. The Board received a verbal update from Judith Macgregor, Chair of the RPC. The following key points were noted:
  - 11.1. The People Strategy plans and proposals had been reviewed by the RPC at its last meeting. It was impressed with the overall direction and proposals set forward. Recommendations were made on ensuring that there were enough resources to deliver the proposals and not over-stretch.
  - 11.2. Staff wellbeing and morale was also on the agenda and an update was received on this area. Productivity has been good during the lockdown and there has been lots of communications and engagement with staff from senior management. A wellbeing hub had also been rolled out for staff.
  - 11.3. The RPC also reviewed a progress update on management actions resulting from this year's staff survey and progress looked positive.
  - 11.4. Staff exit interview data and processes had also been discussed and it was noted that areas for improvement gleaned from the exit feedback had informed the people strategy. One of the main themes included lack of career progression and development.
  - 11.5. The staff pay review award had also been discussed and it was noted that awards were not possible this year, as the affordability test could not be met. Senior staff pay proposals had also been discussed and this will be brought separately for review to the next RPC meeting in November 2020.
  - 11.6. Proposals for remote and flexible working was reviewed and various options were considered. Research and feedback from staff surveys have shown that a mix of office-based and working from home arrangement was the most appropriate for productivity, motivation and morale.

### **STRATEGY, PERFORMANCE AND OUTLOOK**

#### **Agenda item 9: CEO Report and BTA Dashboard**

12. The Board noted the BTA Dashboard paper. Sally provided a verbal update and the following points were noted:
  - 12.1. Staff welfare has been a key priority and management continues to engage with staff and provide regular communications.
  - 12.2. There is a clear commitment to investing in people and this is demonstrated through the people strategy.
  - 12.3. There continues to be heightened activity in the BTA's government advisory role, including engagement work across the tourism industry.
  - 12.4. There have been some pressures in both international and England marketing due to the pandemic and lockdown restrictions. The BTA continues to adapt its approach to the current situation as it unfolds. There have also been pressures on business events with activity restricted and reduced.
  - 12.5. Compliance has been in a very good place and key areas have been closely monitored.
13. The Board noted that the BTA is in a good place overall considering the circumstances and pressures. The key challenges were in the current environment and the ability to push forward towards recovery. The Board noted the BTA's hard work and contributions, which has been valuable and noticed within the industry.

#### **Agenda item 10: Political Update & Comprehensive Spending Review (CSR) Update**

14. The Board noted the paper and Patricia Yates provided a verbal update in reference to the paper.
15. There has been no further update from Treasury on the timings for the CSR announcement. However, this will likely be in October 2020. DCMS have reviewed the proposals and spending envelopes have been agreed for the final bid. Certain areas have also been ring-fenced, such as the Tourism Zones, Data Hub initiative, and the transformation bid. Some areas have seen an uplift, while some areas have been cut.
16. The Board was informed that there may be cuts to VisitBritain and VisitEngland core budgets. Business events and business support may also see some cuts to funding and this would impact on delivery of activities.
17. The Board noted concerns regarding cuts in the VB/VE core budget, as these were key areas that the organisation wanted to protect, as its core capability is reliant on this. Cuts from the core would also create inherent risks around the BTA's sustainability and there would be resource challenges in delivering towards recovery. DCMS had noted that this would be tough spending round.
18. The Board commented that reductions in the core budgets would result in challenges to build back better. It also noted that comparisons should be made with other tourism boards and what their level of resourcing and funding is. There would be a high risk on the prioritization of key markets being spread thinly and a reduced capability to develop future market opportunities. It pleaded that DCMS should carefully consider looking at the figures before making cuts.

#### **Agenda item 11: Strategy Day – Outline Plan and Expectations**

19. The Chairman noted that the Joint Strategy Day on 28<sup>th</sup> October 2020 would instead be done as split sessions for VisitBritain/BTA and VisitEngland Advisory Board (VEAB). It was noted that the BTA Board and VEAB would usually come together and hold a joint strategy day. However, this would not be possible this year due to the constraints of social distancing and the lockdown.
20. New dates would be explored for November 2020 and circulated to the Board.

#### **BRITAIN MATTERS**

##### **Agenda item 12: eCommerce Performance Update and Re-Platforming**

21. The Board noted the paper and received a verbal update from Robin Johnson in reference to the paper.
22. The retail platform contributes an average of £9m to the BTA's bottom line, with profit peaking at £2.2m in 2017. There has been a decline year on year. However, the emergence of the Covid-19 pandemic has heavily impacted profits and the reforecasted profits for this year was expected to be £200k.
23. An essential upgrade was required for the retail platform to address various issues and enable it to be more customer focused. It has been behind its competitors and one of the key challenges behind the current system is its difficulty to be upgraded. The proposed upgrade would also be looking at systems integration with TXGB.
24. The procurement for the new platform had started and final interviews with selected suppliers will be underway. DCMS approval for the project has also been secured.

#### **ENGLAND UPDATE**

##### **Agenda item 13: Discover England Fund (DEF) – 2020/21 Activity and Resilience Fund**

25. The Board noted the paper and received a verbal update from Andrew Stokes.
26. Destination Management Organisations (DMOs) had received key support and funding from VisitEngland with money previously repurposed from the DEF to provide funding support early on in the pandemic. However, some DMOs have

still been facing further challenges. It was therefore agreed with DCMS that more DEF funding will be repurposed to DMOs that need the help.

27. DMOs would have to apply for funding based on an eligibility criteria. The support aims to provide help to DMOs that play a strategic role in their local regions and face immediate risk of closure.
28. The Board had a discussion regarding the impact of repurposing money from DEF on VisitEngland activities. It noted that one of the key impacts of doing this has been a reduction in central marketing, which would also impact on VisitEngland's overall ROI figures.

#### **Agenda item 14: Domestic Campaign Update**

29. The Board noted the paper and received a verbal update on activities.
30. The Board was provided with a snapshot of the marketing response during the pandemic and including the different phases of the campaign. VisitEngland has been a brand partner in the UK Government's Enjoy Summer Safely campaign, designed to encourage people to begin to get back to the things they have missed and to follow Covid-19 safety guidelines.
31. The Board had a discussion regarding VisitEngland's working relationship with DMOs. It was noted that the structure and current model of the DMO landscape may see some changes. The landscape is currently fragmented with different funding models and priorities. Although, it was also noted that there has been evidence of DMOs working collaboratively and this had worked very well.
32. Clare Mullin provided the Board with a verbal update on upcoming domestic marketing campaign planned. An autumn/winter campaign would be rolled out, with the target audience being young families and pre-nesters. The main focus would be on accessible locations and escaping the everyday. The campaign would also provide an opportunity for DMOs to get involved in the amplification stage.
33. The Board noted that sentiment had started to change from consumers. There has been a move from sentiments and concerns on the risk of catching Covid-19, towards clarity on what the current government regulations are for certain localities. This data has helped shape the marketing strategy to have a focus on myth-busting advice when marketing local tourism.

#### **Agenda item 15: Summer Performance Review and Forward Prospect Update**

34. The Board received a verbal update from Nick de Bois regarding two DMO roundtables that he had recently chaired.
35. The first meeting related to the business visitor economy. The sentiment leaned towards grave concerns over a likely slow recovery for 2021. There was however optimism towards pushing forward with the importance of domestic tourism and pushing for quick recovery in this area.
36. There have been strong concerns and worry in the business events sector. The sector faces a difficult position of wanting to open up for business again immediately, as it has been quick to implementing Covid-secure measures for safely running events. However, there has been a lack of clarity and focus from the government on the recovery for the business events sector and this would be a key area that needs to be addressed. It was strongly suggested that some campaigning should be done to secure a rescue package for the sector; there would be enough data available, to back up through evidence, the value delivered by the business events industry to the UK economy.
37. The second DMO roundtable highlighted that collaborating and cross-marketing between DMOs has been working well. There was recognition that this could be a potential direction for the future model and structure of DMOs.
38. The Board noted concerns that the events sector may be facing an estimated 300,000 job cuts due to the impact of the pandemic and the lockdowns. The sector is a key platform for business and industry and plays a pivotal role in the economy. It noted that other countries like Germany have already started running business events with a lot of success. The sector has been very confused and frustrated on why certain businesses – such as cinemas and leisure

centres – have been allowed to operate, while business events were still under tight restrictions. The operating model of business events differs greatly from mass gatherings and there needs to be a recognition of this.

## **DEVOLVED NATIONS**

### **Agenda item 16: VisitScotland Update**

39. The Board received a verbal update from Lord Thurso. It was noted that new restrictions have been put in place in Scotland. However, the number of staycations have picked up. The numbers in August 2020 was at 80% of what would be seen during a good year for domestic tourism.
40. The new restrictions have resulted in widespread cancellations. City hotels have reported an average of 10-15% occupancy. This has resulted in some hotel chains having to consider selling some branches. Party planning and wedding planning businesses have resorted to complete closure. Tour companies across Scotland have been severely impacted and have been put on the market.
41. There have been serious concerns from businesses that the valuation of their companies would drop to unsustainable levels, resulting in capital providers viewing this as a weak position. The supply side may also be heavily compromised down the line, when competitors are able to provide capacity.
42. VisitScotland has prioritised providing information to the government and industry as a key priority during the pandemic. The organisation has also adopted remote and agile working policy. This has created better opportunities for attracting and recruiting talent, due to location not being a limiting factor. There would also be plans to cut back on office space.

### **Agenda item 17: Wales Update**

43. The Board received a verbal update from Ian Edwards.
44. The staycation numbers during the summer months in Wales saw around 60-80% of the numbers seen during the previous year. The current lockdown restrictions has put a stall on this.
45. The sentiment across the tourism industry in Wales is that it has the capability to operate safely and in a covid-secure way and government must continually be reminded of this. There have been strong concerns in industry that there would be a big risk of being so far behind if the current restrictions on businesses carry on.
46. The Welsh government's economy minister has recently announced the provision of an economic resilience fund.
47. Ian Edwards offered his thanks to the VisitBritain marketing team, on behalf of VisitWales, for the recent collaborative efforts which have gone very well.

### **Agenda item 18: Northern Ireland Update**

48. The Board received a verbal update from Katy Best.
49. A new furlough assistance scheme had been rolled out for Northern Ireland. However, there has been some skepticism received on the offering. The sentiment across the industry is of serious concern for the winter period, with potential job cuts across the industry.
50. £10m of funding for domestic marketing has been announced by government and a proportion of this would be allocated to skill investment. A £90m injection into arts and culture was also proposed, which may potentially have a ripple effect on tourism. There should also be some funding to support airlines during the winter period.
51. There have been proposals for the NI government to provide a £50 voucher for NI residents to help boost spending.

52. The Board noted that Katy had expressed her concerns on the removal of the tax-free concession for all UK airports. It was noted that a letter from the Chairman on behalf of the BTA Board would be sent to Oliver Dowden expressing its concerns on the impact of this.

### **PAPERS FOR NOTING / INFORMATION**

53. The Board noted the following papers for information and took these as read:

- Agenda item 19. BTA Risk Register
- Agenda item 20. Domestic Tourism Trends and Market Sentiment
- Agenda item 21. International & Inbound Tourism Trends and Forecast Update
- Agenda item 22. State of the Market Snapshot
- Agenda item 23. BTA Board ratification summary – DEF Year 5 grant funding
- Agenda item 24. Audit & Risk Committee Minutes, 15<sup>th</sup> September 2020 (unconfirmed)
- Agenda item 25. Remuneration & People Performance Committee Minutes, 18<sup>th</sup> June 2020 (unconfirmed)

### **Agenda item 26: Any Other Business**

54. **Membership changes to Audit and Risk Committee, and Remuneration and People Performance Committee**

54.1. The Board noted the following membership changes:

- Nick de Bois would be joining the Audit and Risk Committee (ARC) as a new member.
- Fiona Pollard would be formally joining the Remuneration and People Performance Committee as a new member; she will be stepping down from the ARC.

### **Agenda item 27: Date of Next Meeting**

55. The Board noted that it will be convening again at the BTA Board Strategy Day. A date will be agreed offline for November 2020.

### **Agenda item 28: Close**

56. The meeting was closed at 1.00pm.