



Department  
for Culture  
Media & Sport

# Triennial Review of VisitBritain and VisitEngland

March 2015



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# Executive Summary

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1. The Triennial Review of VisitBritain (VB) and VisitEngland (VE) was launched on 22 July 2014 by the laying of a Written Ministerial Statement in Parliament by the Minister for Sport and Tourism, Helen Grant MP. Triennial Reviews are part of the Government's Public Bodies reform programme providing a robust challenge to the continuing need for non-departmental public bodies (NDPBs) and reviewing their functions, performance, control and governance arrangements. This is the first Triennial Review of VB and VE.
2. VB and VE were established as the British Tourist Authority (BTA) and the English Tourist Board (ETB) by the Development of Tourism Act 1969. Since 2003, the BTA has been classified as an executive NDPB and the ETB has been classified as an advisory NDPB. VB and VE are trading names of the BTA. Since 2009, VE has had its own Chief Executive and staff, and reports directly to the Chairman of the ETB, although it remains legally accountable to the BTA.
3. The Review team received a clear and consistent message from stakeholders that a British Tourist Authority and English Tourist Board were still required. However, many stakeholders also considered that there was a need – and an opportunity – to clarify the roles and responsibilities of VB and VE and their relationships with each other and with partners and stakeholders.
4. The Review team concluded that the core functions of a British Tourist Authority and an English Tourist Board were still required, i.e. to promote Britain and England as tourist destinations in overseas and domestic markets and to promote the development of experiences and products to attract tourists.
5. The Review team considered that these functions passed the three tests for being carried out by an NDPB, as they require technical expertise and in-depth knowledge and understanding of the tourism sector and markets, impartial decision-making based on the best available evidence, and collection and analysis of relevant data to inform delivery of the functions. Other delivery models were considered, but the Review team concluded that they were either inappropriate or would not deliver greater benefits than the current NDPB model, provided that the roles and responsibilities were clarified within that model and focussed on those areas where each NDPB was uniquely well-placed to deliver.
6. The Review team considered that the Department for Culture Media and Sport should agree clear objectives for each organisation, in line with their respective functions. In order to strengthen accountability to Parliament and the public for each organisation's performance, these objectives should be published at the start of each financial year.

7. The Review team also concluded that VE should be fully separated from VB and re-established as an executive NDPB in its own right. Greater transparency and accountability should drive improvements in the efficiency and effectiveness of both organisations.
8. The key recommendations made in this Review relate to the functions of VB and VE. The Review team concluded that VB should focus mainly on international marketing, while VE should focus mainly on supporting the development of high quality tourism products in England. To do this, VE should manage a challenge fund, supporting partnership working across destination organisations and industry partners in order to promote the development of a range of world-class English tourism experiences that sit alongside and complement the London, Scottish and Welsh offers. These experiences would be marketed domestically by VE and internationally by VB, in accordance with budgets and key performance indicators (KPIs) set as part of the challenge fund process. VB should continue to lead a range of other marketing campaigns and programmes, including the branding and international tourism marketing strands of the GREAT campaign, but the budgets, programmes and KPIs should be drawn up in consultation with the national tourist boards and reflected in the objectives agreed between VB and DCMS. These objectives should include promoting tourism by overseas visitors in the nations and regions outside London.
9. The Review team concluded that there was scope to deliver immediate efficiencies in the shared back-office functions of VB and VE and that this should be a priority. However, it was also recognised that the separation of VB and VE into two separate NDPBs and the clear distinction of their functions provided an opportunity to explore new models that would better support delivery at lower cost. In the light of the Review's findings, VB and VE should carry out a comprehensive review of their shared services, considering alternative models and options for future delivery, with a view to generating further efficiency savings in the medium and longer term. This applies also to the property portfolio, where there would be scope from autumn 2017 to reduce the size and cost of the Head Office estate, as well as some early opportunities to reconsider the numbers and locations of some overseas staff and a need to consider locations and costs for most overseas staff from 2016 onwards when the current arrangements with FCO end.
10. The Review team concluded that the greater transparency and accountability introduced by the separation of VB and VE would strengthen the corporate governance arrangements. The Review team also considered that a DCMS official should be able to attend VB and VE board meetings as an ex-officio observer and that the DCMS policy team should continue to receive copies of board papers in advance of board meetings.

# Full list of recommendations

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## Chapter 2: Findings on the functions and form of VB and VE

1. The functions of the British Tourist Authority and English Tourist Board, as set out in the Development of Tourism Act 1969, should be retained.
2. VisitBritain and VisitEngland strongly pass the technical function test and, to a lesser degree, the political impartiality and establish facts and figures tests and should therefore remain as NDPBs.

## Chapter 3: Improving the effectiveness of VisitBritain and VisitEngland for the future.

3. VisitBritain and VisitEngland should be formally separated into two executive NDPBs, focussed on those areas where they are uniquely well placed to deliver.

### *VisitEngland*

4. VisitEngland should become an independent executive NDPB in its own right, responsible for the delivery of a range of stand-out English tourism products<sup>1</sup>, for both business and leisure, through the management of an English tourism challenge fund<sup>2</sup>.
5. VisitEngland should retain its functions to provide insights, analysis, expertise and links into industry and the wider tourism sector and to develop commercial partnerships<sup>3</sup> to deliver the challenge fund and provide advice to government on English tourism.
6. VisitEngland should be accountable for the overall stewardship of the challenge fund, and the CEO, as Accounting Officer, accountable for all funds associated with it.
7. VisitEngland should undertake all domestic tourism marketing associated with the challenge fund but should cease all international marketing.

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<sup>1</sup> Standout English products might defined geographically and/or thematically and should include the associated good accommodation, transport, signage etc. to meet international standards and expectations.

<sup>2</sup> VisitEngland's budget would consist of the Challenge Fund to which English destinations and their partners would bid for funds to improve the English tourism offer and for it to be marketed domestically and internationally. This approach is being suggested to address feedback on the English offer and the fragmentation of the English landscape as destinations joining together will be a key criteria.

<sup>3</sup> VisitEngland currently have partnerships with companies like Cottages4You, airlines, TUI and other travel operators who will match-fund marketing campaigns. There may be different commercial opportunities through the Challenge fund approach which VisitEngland should explore subject to State Aid rules.

8. VisitEngland and VisitBritain should agree the required outcomes and budget for the international marketing requirements from the challenge fund and VisitBritain should develop and deliver the necessary campaigns.
9. VisitEngland should support the development of business visits and events in England, through a challenge fund, and agree the required outcomes and budget for international platforms and sales activities to deliver growth for England in this sector, to be delivered by VisitBritain.
10. VisitEngland and DCMS should work together to reach a decision on VisitEngland's future role in support of accommodation quality standards, and the mechanism for delivery, by September 2015.

### *VisitBritain*

11. VisitBritain should be accountable for the tourism promotion of Britain, its nations and regions, overseas.
12. VisitBritain should deliver this through the GREAT campaign<sup>4</sup> and the management of an international marketing budget, in partnership with the national tourist boards<sup>5</sup>.
13. VisitBritain should retain its functions of generating customer insight, analysis, and generating commercial partnerships to support the growth of inbound tourism.
14. VisitBritain should have regional dispersal targets, set by DCMS.
15. VisitBritain should draw up a high level annual marketing plan in consultation with the national tourist boards. VB will then be accountable for its delivery.
16. VisitBritain should agree with the national tourist boards and DCMS processes and protocols for engaging with local and industry partners, including destination organisations, to ensure that there is clear and early communication and no duplication of effort or approach.
17. VisitBritain should support VisitEngland's challenge fund, providing international consumer insights and delivering the agreed international promotion of English tourism products overseas.
18. VisitBritain should undertake international business events promotion for England, and at Britain level alongside other GREAT partners and, where appropriate, the national tourist boards.

### *Other*

19. DCMS should have further discussions with BIS and UKTI on how tourism's contribution to the 2020 export strategy could be enhanced and developed.

<sup>4</sup> GREAT funding for VisitBritain for 2015/16 is £15m

<sup>5</sup> VisitEngland, VisitScotland and Visit Wales



20. VisitBritain and VisitEngland should develop long term strategies for commercial partnership working and funding.<sup>6</sup>

#### Chapter 4: Efficiency

21. VisitBritain and VisitEngland should draw up a detailed transition and implementation plan, in consultation with DCMS by April 2015, setting out how they will move to the new operating model and quantify additional efficiency savings.

22. VisitBritain and VisitEngland should deliver a minimum of £441,000<sup>7</sup> in efficiency savings in their shared services function by the end of 2015/16. These savings should off-set the £190,000 one off costs of separating VisitBritain and VisitEngland and year 1 of the required annual £140,000<sup>8</sup> on-going costs of VisitEngland as a separate executive NDPB.

23. As part of the implementation plan VisitBritain and VisitEngland should undertake a comprehensive review of their shared services and make recommendations to DCMS on alternative models and options for future delivery by December 2015.

24. VisitBritain and VisitEngland should, through the implementation plan, consider what their head office accommodation requirements will be when their current lease expires in September 2017, and aim to make appropriate savings.

25. VisitBritain should review the cost and benefits of co-location with FCO and investigate opportunities for co-location with other partners, with a view to re-locating staff in overseas posts from 2016/17 and making associated savings.

26. VisitBritain and VisitEngland should make a further attempt to negotiate the re-assignment of the lease on the Grosvenor Gardens property to Weber Shandwick, in a way which releases them from all liabilities, with support from DCMS and Cabinet Office, by March 2016.

27. VisitBritain and VisitEngland should undergo a light-touch communications capability review as part of the implementation of the Triennial Review, carried out by the Cabinet Office Communications Capability Review team, utilising the expertise of the Triennial Review Challenge Group. This should consider the scope to deliver efficiencies through an enhanced digital presence.

<sup>6</sup> VisitBritain have a large number of commercial partners, with VisitEngland having a smaller number on a smaller monetary scale. The Review Team's recommendation is that VisitBritain in particular look to develop a plan for how they will attract partnerships going forward to maximise international marketing campaigns and incentivise the travel trade.

<sup>7</sup> The majority of the savings will come from the shared services functions, primarily IT support services, staff reductions, and improved HR arrangements.

<sup>8</sup> Due to the revised operating model for VisitEngland, and the removal of their international marketing function (with no associated increase in the international marketing capacity of VisitBritain), the £140,000 would be absorbed by VisitEngland's core grant-in-aid.

## Chapter 5. Corporate Governance

28. DCMS should issue revised Management Agreements for VisitBritain and VisitEngland reflecting their short and medium term objectives, at the start of the next financial year.
29. The DCMS Head of Tourism should be invited to attend and participate in VisitBritain and VisitEngland board meetings as an observer.
30. DCMS, VisitBritain and VisitEngland should seek to improve female representation on the VisitBritain board and ensure representation of ethnic minorities and disabled people on both the VisitBritain and VisitEngland boards<sup>9</sup>.
31. VisitEngland should ensure that its corporate website carries all the information required for an executive NDPB ahead of an agreed re-classification.

<sup>9</sup> At present only one member of the VisitBritain board and three members of the VisitEngland board are female. Neither board currently meets the Government's aims for improving representation of ethnic minorities and disabled people.

# Chapter 1: Introduction, Background and Context

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- 1.1 This document sets out the findings and recommendations of the 2014 Triennial Review of VisitBritain (VB) and VisitEngland (VE). It describes the purpose of Triennial Reviews, the process adopted for the Review and presents findings based on feedback from stakeholders and analysis of a range of evidence on VB's and VE's activities and impact.

## The Triennial Review

### Aims of the Review

- 1.2 It is Government policy that a non-departmental public body (NDPB) should only be set up, or remain in existence, where the model can be clearly evidenced as the most appropriate and cost-effective way of delivering the function(s) in question.
- 1.3 In April 2011, the Cabinet Office announced that all NDPBs still in existence following the reforms brought about by the Public Bodies Act would have to undergo a review at least once every three years. These Triennial Reviews would have two purposes:
- To challenge whether there is a continuing need for individual NDPBs – both their function and their form, employing the ‘three tests’ discipline (whether the body performs a technical function, whether it performs a function that requires political impartiality, or whether it needs to establish facts/figures independently from ministers); and
  - Where it is agreed that a particular body should remain as an NDPB, to review the control and governance arrangements in place to ensure that the public body is complying with recognised principles of good corporate governance.
- 1.4 All Triennial Reviews are carried out in line with Cabinet Office guidance “Guidance on Reviews of Non-Departmental Public Bodies”, July 2014<sup>10</sup>. This guidance states that reviews should be:
- **Proportionate:** Reviews must not be overly bureaucratic and should be appropriate for the size and the nature of the NDPB in question;
  - **Timely:** Reviews should be completed quickly – the first stage ideally within three months – to minimise disruption to the NDPB's business and reduce uncertainty about its future;

<sup>10</sup> <https://www.gov.uk/government/publications/triennial-reviews-guidance-and-schedule>

- **Challenging:** Reviews should be robust and rigorous. They should evidence the continuing need for individual functions and examine and evaluate as wide a range as possible of delivery options. They should take into account the alignment of Arm's Length Bodies (ALBs) with wider Government objectives around economic growth, deficit reduction and efficiency;
- **Inclusive:** Reviews should be open and inclusive. Individual NDPBs must be engaged in reviews. Key users and stakeholders should have the opportunity to contribute to reviews. Parliament must be informed about the commencement and conclusions of reviews;
- **Transparent:** All reviews should be announced and all reports of reviews should be published; and
- **Value for Money:** Reviews should be conducted in a way that represents value for money for the taxpayer.

## Process

- 1.5 The Review was launched on 22 July 2014 by Written Ministerial Statement ([Annex A](#)). It was carried out by a Review team led by Mark Fisher, Director of Government Innovation Group and Office for Civil Society at the Cabinet Office, supported by officials from DCMS and the Cabinet Office ([Annex B](#)). The Terms of Reference ([Annex C](#)) were published on the gov.uk website. The devolved administrations were also informed of the Review and invited to provide evidence.
- 1.6 In accordance with Triennial Review guidance, the size of the organisations warranted the establishment of a Challenge Group to review and challenge both the content and the process of the Review, to ensure that it was sufficiently robust and evidence-based. The Challenge Group included members with commercial, communications and marketing, and economic expertise, and experience of working internationally and in the digital sector. Further details of the Challenge Group membership and the meetings held can be found in [Annex B](#).
- 1.7 The additional expenditure associated with the Review was minor travel costs and refreshments for Challenge Group meetings totalling less than £500.

## Evidence and Stakeholder Engagement

- 1.8 The Review team identified relevant stakeholders in consultation with VB, VE and the DCMS sponsorship team. These included VB and VE board members and staff, representatives from the tourism industry including businesses, trade associations, organisations that work in partnership with VB and VE, including other NDPBs, the devolved administrations and central Government departments.
- 1.9 The Review team published a call for evidence seeking the views of stakeholders of VB and VE and other interested parties. The call for evidence was published on the [www.gov.uk](http://www.gov.uk) website and on VB's and VE's websites, and sent to a broad range of

stakeholders. The Review team received a number of written submissions from stakeholders that were taken into account in the Review.

- 1.10 The Review team visited Edinburgh in order to gain evidence from VisitScotland. The team also held meetings with Visit Wales and arranged round-tables, individual meetings and telephone calls with a range of key stakeholders.
- 1.11 A summary of stakeholder views from the written submissions, roundtables, meetings and telephone calls can be found at [Annex G](#).
- 1.12 In keeping with the principle of proportionality the Review drew on existing sources of evidence wherever possible. A list of the key documents used in this Review is attached at [Annex J](#).
- 1.13 The Review team also took note of the Culture, Media and Sport Select Committee's report of 10 July 2008 on tourism (HC133)<sup>11</sup> and the Welsh Affairs Committee's report published on 22 October 2014 on International representation and promotion of Wales by UK bodies (HC337)<sup>12</sup> which includes tourism and the role of VB.

## Select Committees

- 1.14 The Minister for Sport and Tourism wrote to the Chair of the Culture, Media and Sport Select Committee on Tuesday 22 July 2014, to inform him of the Review. The Select Committee announced its own inquiry into the tourism sector on Wednesday 23 July 2014, inviting written evidence to be submitted by Monday 29 September 2014. The lead reviewer met the Chair of the Select Committee on Tuesday 14 October 2014.

## Keeping VB and VE informed

- 1.15 The Review team liaised closely with VB and VE to ensure that they were kept informed and had sufficient opportunity to comment on the approach taken by the team and the emerging conclusions and recommendations. The Review team would like to put on record their thanks to the VB and VE Chairmen, Chief Executives and senior management teams for their engagement with the Review, and to the staff who facilitated meetings and responded promptly to requests for information.

## Using the evidence collected

- 1.16 The Review team used the evidence gathered to inform conversations and discussions throughout the review process. All the conclusions and recommendations made by the Review are based on an assessment of this evidence base. Where relevant, the specific evidence is highlighted in the relevant part of the report. The detail from specific sources, is also summarised in [Annex G](#).

<sup>11</sup> <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmcomeds/cmcomeds.htm>

<sup>12</sup> <http://www.parliament.uk/business/committees/committees-a-z/commons-select/welsh-affairs-committee/publications/>

## Tourism in Britain

### The economic value of tourism

- 1.17 Tourism is the UK's third largest service export. In 2012, international tourist arrivals worldwide exceeded one billion for the first time and this figure is projected to exceed 1.5 billion by 2020. As explained later in this report, the tourism industry requires the full backing of Government, including joined-up policy making on a wide range of issues, from transport to visas, taxation to regulation, if it is to capitalise on its potential and enable the benefits of tourism growth to be felt across the country. Since 2010, significant progress has been made, with the launch of the Government's tourism policy, the GREAT campaign, and more recently the Tourism Industry Council, but Government backing remains critical to the tourism industry's ability to compete worldwide.
- 1.18 The tourism industry is characterised by its diversity, in terms of both the range of interests and the number of businesses it covers. It includes tour operators, transport, accommodation, visitor attractions and venues, food and drink services, cultural, sport and recreation activities, exhibitions and conferences. Although there are some large businesses, including multinationals, in tourism, most businesses are SMEs operating mainly at a local level.
- 1.19 Estimates published by ONS in December 2014 indicate that the direct Gross Value Added (GVA) of tourism to the UK economy in 2013 was £56 billion and that it had grown by 13.6% between 2008 and 2013 – faster than all but 4 comparator UK industries. Growth was particularly strong between 2010 and 2011, when GVA increased by 8.6%, and between 2011 and 2012, when it increased by 4.9%, but it had since levelled off and fell by 0.2% between 2012 and 2013. (*Tourism Satellite Account: Estimates of the Economic Importance of Tourism 2008-2013*, ONS<sup>13</sup>)
- 1.20 According to ONS, employment in the UK tourism industries increased by 5.4%, from 2.66 million to 2.81 million jobs, between 2009 and 2013 – almost double the 2.8% increase for the rest of the UK labour market. Full-time employment grew cumulatively by 4.2% - more than double the 1.8% growth in the non-tourism industries, while part-time employment grew cumulatively by 6.8%, slightly above the 5.7% in the non-tourism industries. (*Employment in Tourism Industries 2009-2013*, ONS<sup>14</sup>)
- 1.21 The ONS publications give figures for the UK as a whole, but do not provide a breakdown of the figures for the nations and regions. However, in November 2013 Deloitte estimated that the direct GVA of tourism in England in 2013 would be £48.3 billion directly supporting 1.44 million jobs. These figures are not directly comparable with those published by ONS. (*Tourism: jobs and growth. The economic contribution of the tourism economy in the UK*, Deloitte<sup>15</sup>)

<sup>13</sup> <http://www.ons.gov.uk/ons/rel/tourism/tourism-satellite-account/estimates-of-the-economic-importance-of-tourism--2008-2013/index.html>

<sup>14</sup> <http://www.ons.gov.uk/ons/rel/tourism/tourism-employment-summaries/employment-in-tourism-industries--2009-2013/art-touemp.html>

<sup>15</sup> [http://www.visitbritain.org/Images/Final%20proof%2015%20Nov\\_tcm29-39296.pdf](http://www.visitbritain.org/Images/Final%20proof%2015%20Nov_tcm29-39296.pdf)

## The UK's position in international tourism

- 1.22 Figures from the UN World Tourism Organisation indicate that in 2013 the UK was the 8<sup>th</sup> most visited destination in terms of overnight visits by overseas tourists, the same as in 2012, and the 9<sup>th</sup> highest earner from international tourism, down one place from 2012. Overall, Europe's and the UK's shares of international tourism have been declining for several decades, due to the growth of new tourism destinations, particularly in Asia. Although, the UK's share of international tourism arrivals and receipts stabilised in 2012 and grew slightly in 2013, on both measures the UK ranked behind our main European competitors: France, Germany, Italy and Spain; as well as China and the USA.<sup>16</sup>
- 1.23 In the World Economic Forum's Travel and Tourism Competitiveness Index for 2013 the UK achieved an overall top 5 ranking and its global effectiveness in attracting tourists through marketing campaigns improved from 43<sup>rd</sup> place in 2011 to 21<sup>st</sup> place<sup>17</sup>.
- 1.24 In the GfK Anholt Nations Brand Index for 2014, the UK was ranked 3<sup>rd</sup> overall out of 50 nations, the same position as in 2013, behind Germany and the USA but ahead of France, Italy, Spain and China. The UK was ranked in the top 6 for all 6 dimensions which make up the nations brand index and in the top 10 for all but 3 of the 23 attributes on which the dimensions are based. For the tourism dimension, the UK rose one place to 3<sup>rd</sup> overall. For the 'welcome' attribute, the UK rose three places to 10<sup>th</sup> place in 2013 – the first time the UK was ranked in the top 10 – but fell back to its pre-Olympic Games level of 13<sup>th</sup> place in 2014. The UK's lowest ranking in the 2014 index was 20<sup>th</sup> place for natural beauty<sup>18</sup>.

### The UK's top ten markets in 2013<sup>19</sup>

#### By volume

	Visits (thousands)	% Total
 France	3,930	12
 Germany	3,162	10
 USA	2,791	9
 Irish Republic	2,395	7
 Netherlands	1,922	6
 Spain	1,704	5
 Italy	1,666	5
 Poland	1,357	4
 Belgium	1,188	4
 Australia	1,070	3

#### By value

	Spend £ (millions)	% Total
 USA	2,548	12
 Germany	1,408	7
 France	1,350	6
 Australia	1,194	6
 Spain	905	4
 Italy	830	4
 Irish Republic	818	4
 Netherlands	720	3
 Norway	537	3
 Canada	533	3

<sup>16</sup> <http://mkt.unwto.org/publication/unwto-tourism-highlights-2014-edition>

<sup>17</sup> <http://www.weforum.org/issues/travel-and-tourism-competitiveness>

<sup>18</sup> [http://www.visitbritain.org/bounce.aspx?PG=/Images/Foresight%20133%20-%20How%20the%20world%20views%20Britain%20NBI%202014\\_tcm29-43214.pdf](http://www.visitbritain.org/bounce.aspx?PG=/Images/Foresight%20133%20-%20How%20the%20world%20views%20Britain%20NBI%202014_tcm29-43214.pdf)

<sup>19</sup> <http://visitbritainannualreview2013-2014.org/performance/reaching-new-heights-britains-tourist-performance/>

## Inbound tourism

- 1.25 Inbound visits to the UK rose to 32.813 million in 2013 and spending by inbound visitors was £21.012 billion. Both these figures were records. In 2013 the number of inbound visitors to England was 11.5% higher than in 2010 and almost 5% higher than in 2008. In London, the figures rose by over 14% compared with 2010 and just under 14% compared with 2008. However, for the rest of England outside London the numbers were almost 8.5% higher than in 2010 but over 4% lower than in 2008. The figures for Scotland showed an increase of 3.6% compared with 2010 but a decline of just under 2% compared with 2008. In Wales the figures showed declines of almost 0.7% compared with 2010 and 17% compared with 2008. (Travel Trends 2013, ONS<sup>20</sup>)
- 1.26 Provisional figures show that in 2014 there were 34.8 million inbound visits to the UK, a rise of 6% on 2013, and spending by inbound visitors rose by 3% to £21.73 billion. Both these figures break the previous records set in 2013. (Overseas Travel and Tourism, Provisional Results for December 2014, ONS<sup>21</sup>)

*Distribution of inbound visitors 2013*



<sup>20</sup> <http://www.ons.gov.uk/ons/rel/ott/travel-trends/2013/rpt-travel-trends--2013.html>

<sup>21</sup> <http://www.ons.gov.uk/ons/rel/ott/overseas-travel-and-tourism---monthly-release/december-2014/stb-monthly-overseas-travel-and-tourism--provisional-results-for-december-2014.html>



1.27 London is a key destination for inbound visitors. In 2013, 16.78 million visitors spent time in London, spending just over £11 billion, which represents 54% of all inbound visitor spending. The rest of England attracted 13.63 million inbound visitors who spent an estimated £7.1 billion (34% of inbound visitor spend). Scotland attracted 2.44 million visitors and £1.68 billion in spending (8% of spend); and Wales attracted 0.9 million visitors and £353 million in spending (2% of spend). (*Inbound Tourism Facts*, VisitBritain<sup>22</sup>)

## Domestic tourism

1.28 Domestic tourism spending in Great Britain was £77.241 billion in 2013: £23.294 billion was spent on 122.91 million overnight trips and £53.947 billion on 1.588 billion day visits. For England the figures for 2013 were £64.7 billion total domestic tourism spending: £18.7 billion on 101.8 million overnight trips and £46 billion on 1.4 billion day trips. This represented an estimated rise of 14.1% compared with 2010 (*The GB Tourist 2013*<sup>23</sup> and *The GB Day Visitor 2013*, VisitEngland<sup>24</sup>).

1.29 However, in the first nine months of 2014, the number of domestic overnight trips was 7% down on the equivalent period in 2013, with spending down by 3.5%. The corresponding figures for England for this period were down by 8.2% and almost 4.5% respectively. (*GB Tourism Survey Quarterly Regional Summary Q3 2014*, VisitEngland<sup>25</sup>)

## The Government framework for tourism in Britain

1.30 The UK Government sets the overall strategy, policy and objectives and provides public funding for VisitBritain (VB) and VisitEngland (VE), the national tourist boards for Britain and England respectively. In 2014/15, the Government is providing public funding of £36.4 million for VB and £15.7 million for VE (both figures include funding for the GREAT campaign; VE includes Regional Growth Fund funding which ends this year). For 2015/16 these figures are projected to rise to £39.5 million for VB and £21 million for VE<sup>26</sup>.

1.31 In Scotland and Wales, the Scottish and Welsh Governments are responsible for the policy, objectives and public funding of the national tourist boards, VisitScotland and Visit Wales. It is not possible to make direct funding comparisons. However, the Scottish Government is providing £56.36 million in funding for VisitScotland in 2014/15 and

<sup>22</sup> <http://www.visitbritain.org/insightsandstatistics/inboundtourismfacts/>

<sup>23</sup> [http://www.visitengland.org/bounce.aspx?PG=/Images/GB%20Tourist%202013\\_240914\\_tcm30-42628.pdf](http://www.visitengland.org/bounce.aspx?PG=/Images/GB%20Tourist%202013_240914_tcm30-42628.pdf)

<sup>24</sup> [http://www.visitengland.org/bounce.aspx?PG=/Images/GBDVS%20Annual%20Report%202013\\_Redesign%20version%20v1%2016%2009%2014\\_tcm30-42547.pdf](http://www.visitengland.org/bounce.aspx?PG=/Images/GBDVS%20Annual%20Report%202013_Redesign%20version%20v1%2016%2009%2014_tcm30-42547.pdf)

<sup>25</sup> [http://www.visitengland.org/Images/121911%20GBTS%20-%20Quarterly%20Regional%20Summary%20-%20Q3%202014\\_FINAL\\_tcm30-43560.pdf](http://www.visitengland.org/Images/121911%20GBTS%20-%20Quarterly%20Regional%20Summary%20-%20Q3%202014_FINAL_tcm30-43560.pdf)

<sup>26</sup> As at 31 January 2015. VB: grant-in-aid - £19.6m; GREAT - £15m; visa refund scheme - £4.4m; Loch Ness campaign - £0.5m. VE: grant-in-aid - £7m; GREAT: Holidays at Home are GREAT - £2m; GREAT: Cities and Regions - £2m; Tourism in the North - £10m.

£50.18 million in 2015/16. In Wales, Visit Wales has been fully integrated into the Welsh Government's Department of Economy, Science and Transport.

## Local organisations and funding in England

- 1.32 There are around 200 destination organisations in England with responsibility for tourism at the local level. They vary in form, function, governance and size, but essentially take a leading role in the development of tourism in a destination. They may be a single organisation, such as a local authority; a legal entity, such as a community interest company or a company limited by guarantee; or an informal partnership. Central government does not provide direct funding for destination organisations but a number have benefitted from VE's Regional Growth Fund programme 'Growing Tourism Locally'.
- 1.33 Local Enterprise Partnerships (LEPs) are partnerships between local authorities and businesses. They decide what the priorities should be for investment in roads, buildings and facilities in the area. So far, 39 LEPs have been created. For a number of LEPs, tourism is a priority sector. A small number of tourism projects have benefitted from LEP funding via Local Growth Deals.
- 1.34 Local authorities in England provide significant funding for tourism, although the overall amount has declined by almost 36% since 2010/11, as shown in the following table<sup>27</sup>:

	2010/11	2011/12	2012/13	2013/14	2014/15 (budget)
	£000s	£000s	£000s	£000s	£000s
<b>Net Current Expenditure</b>	129,378	112,192	82,527	83,760	81,337
<b>Capital</b>	3,152	7,159	7,909	8,698	3,587
<b>Total</b>	<b>132,529</b>	<b>119,351</b>	<b>90,436</b>	<b>92,455</b>	<b>84,922</b>

- 1.35 'Growing Tourism Locally' is a three-year programme to March 2015 funded by the Government's Regional Growth Fund, VE and the private sector. The aim is to inspire UK residents to take more holidays in England, boost local economies through growth in visitor spend and create over 9,100 indirect tourism jobs. There are two elements to the programme: a Destination element, covering 14 destinations; and a Thematic element, covering four themes (heritage, culture, coast and countryside), each of which groups together a number of destinations offering visitor experiences relevant to the theme.<sup>28</sup>

## International comparisons

- 1.36 Information on national organisation and funding of tourism development and marketing activities in the UK's main overseas competitors is at [Annex I](#). The information is drawn

<sup>27</sup> <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

<sup>28</sup> <http://www.visitengland.org/rgf/>

from the OECD Tourism Trends and Policies 2014 which is reliant on information provided or published by the relevant national authorities in each country. For example the section on the UK uses data published by HMT, ONS, VB and VE and Government funding figures for VB and VE consistent with those shown elsewhere in this chapter. Funding figures for Scotland, Wales, Northern Ireland and local authorities are not included. Given the different ways in which countries organise and fund their tourism activities and the limitations of the data available, it is difficult to make direct comparisons. However, it is apparent that all the UK's main competitors have national government-funded organisations responsible for at least some aspects of tourism, and that some allocate significant amounts of public funding to tourism.

## The Government's tourism strategy

1.37 On 12 August 2010, the Prime Minister made a speech on tourism in which he pledged that the Government would help the tourism industry to become more competitive internationally, to maximise the opportunities presented by the 2012 Olympic and Paralympic Games and other major international sporting events and to lift Britain into the top five destinations in the world<sup>29</sup>.

1.38 In March 2011 the Government published its tourism strategy<sup>30</sup>. The strategy set out three key aims:

- Fund the most ambitious marketing campaign ever to attract visitors to the UK in the years following 2012;
- Increase the proportion of UK residents who holiday in the UK to match those who holiday abroad each year;
- Improve the sector's productivity to become one of the top 5 most efficient and competitive visitor economies in the world.

## The GREAT campaign

1.39 The GREAT campaign was launched by the Government in September 2011 to capitalise on the opportunities presented by the Queen's Diamond Jubilee, the London 2012 Olympic and Paralympic Games and subsequent major international sporting events in the UK. The campaign aims to promote British exports, trade and inward investment and to promote the UK internationally as a GREAT place to visit, study and do business. Although the campaign is global in its reach, it is focussed in particular on ten key markets: Brazil, China/Hong Kong, India, Indonesia, Korea, Mexico, Russia, Turkey, USA and Emerging Europe. It is delivered by a range of partners, including Government Departments, UKTI, British Council, VB and VE.

<sup>29</sup> <https://www.gov.uk/government/news/pm-makes-speech-on-tourism>

<sup>30</sup> <https://www.gov.uk/government/publications/tourism-strategy>

- 1.40 The overall allocation for the GREAT campaign in 2013/14 was £30 million. For 2014/15 and 2015/16 this was increased to £46.5 million per annum, with £19 million earmarked for tourism in each year.
- 1.41 VB promotes Britain as a GREAT place to visit through the GREAT campaign, in particular in the new and emerging markets targeted by the campaign, but also by seeking to reinvigorate Britain's appeal in core markets such as the USA. VB modelling estimates that in 2012/13 its GREAT image campaign generated a return of over £200 million and 422,000 visits to Britain, indicating a return on investment of 8:1<sup>31</sup>.

### Bond is GREAT

To capitalise on the 50<sup>th</sup> anniversary of 007, and the release of *Skyfall* – much of which was filmed in London and Scotland – in autumn 2012, VisitBritain launched their biggest ever film tourism campaign. Under the tagline 'Bond is GREAT', the campaign resulted in PR coverage in 21 markets valued at £36 million as well as £3.5 million worth of exposure for the Britain brand and partners.

The campaign positively affected travel with 16% of the people who recalled the campaign having booked a trip to Britain and 35% of those who recalled it saying they strongly intended to visit Britain within the next three years. Visitor numbers to Glencoe in Scotland, which was used as a filming location, were also boosted by the film and campaign with a rise of over 40% compared with 2012.



- 1.42 VE leads the 'Holidays at Home are GREAT' campaign, supported by VisitScotland, Visit Wales and the Northern Ireland Tourist Board, to encourage people to take more short breaks and holidays within the UK and boost domestic tourism. In its first three years

<sup>31</sup> [http://www.visitbritain.org/Images/GREAT%20image%20evaluation%202012-13%20exec%20summary\\_%20FINAL\\_tcm29-38544.pdf](http://www.visitbritain.org/Images/GREAT%20image%20evaluation%202012-13%20exec%20summary_%20FINAL_tcm29-38544.pdf)

the campaign has generated incremental spending of £520 million, of which £138 million was in 2014. The campaign, which began in March 2012, was worth £5 million in 2012. The 2012 campaign included a television advertisement starring Stephen Fry, Julie Walters, Rupert Grint and Michelle Dockery. In 2014, the campaign was worth £4 million, of which £2 million was provided by the Government and £2 million was raised from in-kind support from partners, including tour operators and travel agents. The same level of funding is planned for the 2015 campaign. Thanks to a partnership with Aardman Animation, the 2013 and 2014 advertising campaigns featured Wallace and Gromit and the 2015 campaign will feature Shaun the Sheep.<sup>32</sup>

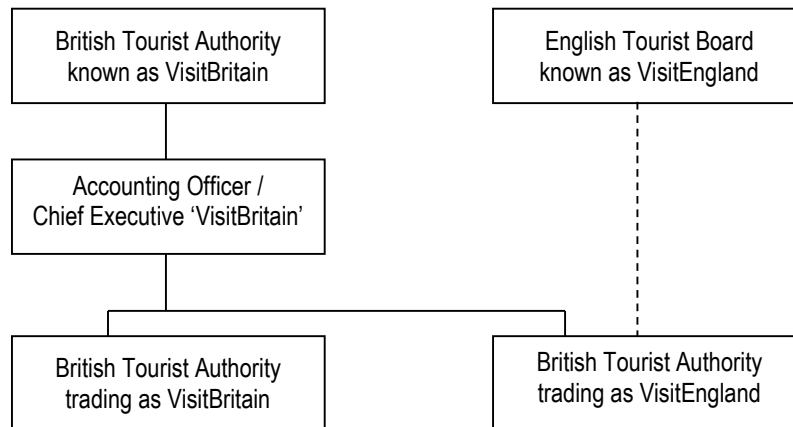
## VisitBritain and VisitEngland

### Overview

- 1.43 The Development of Tourism Act 1969<sup>33</sup> established the British Tourist Authority (BTA) as the tourist authority for Great Britain as a whole and the English Tourist Board (ETB) as the national tourist board for England, together with the Scottish Tourist Board and the Wales Tourist Board as national tourist boards for those countries; and it set out the functions, duties and powers of these bodies. Relevant extracts from the Act can be found in [Annex D](#).
- 1.44 Following the establishment of devolved administrations in Scotland and Wales, responsibility for the Scottish Tourist Board (now known as VisitScotland) and the Welsh Tourist Board (now known as Visit Wales) was transferred to the Scottish Government and the Welsh Government respectively. The UK Government retained responsibility for the BTA and the ETB.
- 1.45 The BTA and the ETB were classified as executive NDPBs. However, on 1 April 2003, the ETB ceased to be funded and was re-classified as an unfunded advisory NDPB. The BTA assumed responsibility for the domestic marketing of England and began trading as VisitBritain (VB).
- 1.46 Following the British Tourism Framework Review in 2009, it was apparent that there was a demand for a dedicated tourist board for England, on an equal footing with the equivalent bodies in Scotland and Wales. In order to achieve this within the existing statutory and funding framework, VB established VisitEngland (VE) with its own Chief Executive, and the Government began allocating funding for the functions and operations of VE. However, the VE executive team remains a part of VB for funding and governance purposes, and, although it reports to the Chairman and board of the ETB, VE is ultimately accountable to the board and Accounting Officer of VB. An internal Funding Agreement and a Memorandum of Understanding between VB and VE detail the funding and corporate governance arrangements.

<sup>32</sup> [http://www.visitengland.org/media/pressreleases/2015/shaun\\_the\\_sheep\\_campaign.aspx](http://www.visitengland.org/media/pressreleases/2015/shaun_the_sheep_campaign.aspx)

<sup>33</sup> <http://www.legislation.gov.uk/ukpga/1969/51>



- 1.47 VB is the trading name used by the BTA in its capacity as the strategic body for inbound tourism and to promote Great Britain (England, Scotland and Wales) as a tourist destination in overseas markets. Its aim is to build the value of tourism to Britain and to improve Britain's ranking as a global destination.
- 1.48 Under the 1969 Act, VB's remit extends only to Great Britain, rather than the whole of the United Kingdom. However, under a Memorandum of Understanding with the Northern Ireland Tourist Board, VB hosts information on Northern Ireland tourism on its websites. VB also has arrangements in place with the Crown Dependencies of Guernsey, Jersey and the Isle of Man allowing them to take advantage of any opportunity VB offers to any nation or destination in Great Britain.
- 1.49 VB promotes British tourism opportunities and products both to consumers and to tour operators and travel companies in key overseas markets, supporting British tourism businesses in exporting their products and services. It delivers the international tourism strand of the GREAT campaign, including consumer marketing of the Britain brand. Building knowledge and understanding of overseas markets and consumers is a key part of VB's work to underpin both its own campaigns and international engagement activities and to inform the wider tourism industry. VB also runs an online shop selling a range of tourism products such as travel tickets and passes, entry tickets for popular attractions, sightseeing tours and souvenirs directly to consumers.
- 1.50 VE is the trading name used by the BTA in its capacity as the national tourist board for England carrying out the functions of the ETB. Its aim is to promote the quality, competitiveness and sustainable growth of the visitor economy in England, encouraging the development of excellent visitor experiences and effective business practices.
- 1.51 VE works with a range of industry stakeholders, including destination organisations, local authorities, LEAs, trade associations and other NDPBs to promote and market holidays in England and to develop the English tourism sector. It leads implementation of the Strategic Framework for Tourism in England, manages the Regional Growth Fund programme for tourism, and manages a number of assessment and accreditation schemes for tourist accommodation and visit attractions. It also delivers the Holidays at Home and GREAT campaign, to encourage more people to holiday at home. Its work is underpinned by research and insights into the domestic tourism market and consumers.

- 1.52 The Secretary of State for Culture, Media and Sport is responsible to Parliament for the activities of VB and VE. The VB Chief Executive is the Accounting Officer for both VB and VE.
- 1.53 Following the 2010 spending review, the Secretary of State wrote to the Chair of VB on 20 October 2010 setting out the outcome of the review, the funding settlement for VB and VE for the period 2011-12 to 2014/15 and the key priorities which the Government expected VB and VE to deliver over the funding period<sup>34</sup>.
- 1.54 An interim Funding Agreement for 2011/12 to 2014/15 was agreed between DCMS and VB/VE, and a Management Agreement for 2012-2015 was issued by DCMS in November 2012, although it was not signed off at that time due to concerns about the wording relating to VE undertaking marketing activities overseas. A Memorandum of Understanding on international marketing was agreed between VB and VE in May 2013 (and amended in October 2013) to resolve this issue.

### **Structure of VB and VE**

- 1.55 VB has seven board members. The Chairman and five members are appointed by the Secretary of State for Culture, Media and Sport. One member is appointed by the Welsh Government. In addition, the Chairmen of VisitEngland and VisitScotland sit on the board in an ex-officio capacity. The current Chairman of VB is Christopher Rodrigues CBE (appointed in January 2007 and re-appointed in January 2011 and January 2015).
- 1.56 The VB Executive Board comprises the Chief Executive and four Directors. Sandie Dawe CBE stood down as Chief Executive in July 2014 and was replaced by Sally Balcombe from 24 September 2014. Keith Beecham, Director of the Overseas Network, acted as Interim Chief Executive between July and September 2014.
- 1.57 VE has seven board members including the Chairman, all of whom are appointed by the Secretary of State for Culture, Media and Sport. In addition, the Chief Executive of VB sits on the board in an ex-officio capacity as an observer. The current Chairman of VE is Penelope, Viscountess Cobham CBE, (appointed in April 2009 and re-appointed in April 2013).
- 1.58 The VE Executive Board comprises the Chief Executive and three Directors. The Chief Executive is James Berresford (appointed 2 July 2009).
- 1.59 Organograms setting out the senior management structures of VB and VE can be found at [Annex E](#).

### **Funding of VB and VE**

- 1.60 VB and VE receive direct public funding known as Grant-in-Aid (GIA) from DCMS in respect of their activities and functions and additional Grant-in-Aid in respect of their contribution to the GREAT campaign. In addition, for the 3 year period 2012-13 to 2014-

<sup>34</sup> [http://www.visitbritain.org/bounce.aspx?PG=/Images/DCMS%20Funding%20Letter\\_tcm29-28682.pdf](http://www.visitbritain.org/bounce.aspx?PG=/Images/DCMS%20Funding%20Letter_tcm29-28682.pdf)

15, VE has received Regional Growth Fund grant funding from the Department for Business, Innovation and Skills to support its 'Growing Tourism Locally' programme (see paragraph 1.35 above). VB also receives income from its own income-generating activities. VE receives income from its quality assessment schemes. VB and VE do not receive any Lottery funding and they are not distributors of Lottery funding.

- 1.61 A breakdown of funding and income for the current year and the last three years is shown on page 26.
- 1.62 Overall DCMS funding has been broadly consistent since 2011/12, while commercial income has shown steady growth. This is mainly due to continuing growth in VB's retail operations.
- 1.63 For 2015/2016, the indicative Government funding allocations for VB and VE, as at 31 January 2015, are £39.5 million and £21 million respectively, a total of £60.5 million – more than 26% higher than in 2011/12. The allocations include £19 million for the GREAT campaign: £15 million for VB's overseas campaign; £2 million for VE's Holidays at Home are GREAT campaign; and £2 million for a new Cities and Regions challenge fund to be managed by VE. For VB it also includes £4.4 million for a visa refund scheme and £0.5 million for a Loch Ness campaign. For VE it includes £10 million for the new Tourism in the North programme.

### Staffing of VB and VE

- 1.64 The breakdown of staff on payroll for VB and VE is set out in [Chapter 4](#). At 30 September 2014 VB employed 201 staff and VE employed 61 staff – a total of 262 staff (FTEs), up from 242 at the end of 2011/12. The VB total includes 43 staff in shared corporate services. The largest number of staff (86) were employed in VB's overseas network. This figure has been stable over the last 3 years (it was 85 at the end of 2011/12). In VE the largest number of staff (31) were employed in marketing, up from 29 in 2011/12.

### Strategies of VB and VE

- 1.65 VB and VE have both published strategy documents setting out plans for developing and growing the tourism sector to achieve ambitious goals and targets by 2020, including the contribution required from partners and stakeholders in the public and private sectors.
- 1.66 VB's strategy, *Delivering a Golden Legacy: A growth strategy for inbound tourism to Britain from 2012 to 2020* (published 2013)<sup>35</sup>, sets out the ambition to attract 40 million visitors and earn £31.5 billion (in nominal terms) from inbound tourism by 2020, and a strategy to achieve this with four key elements:
- Improving Britain's image;
  - Working with the travel trade to increase distribution in key markets;

<sup>35</sup> [http://www.visitbritain.org/bounce.aspx?PG=/Images/Britain%20Strategy\\_tcm29-37329.pdf](http://www.visitbritain.org/bounce.aspx?PG=/Images/Britain%20Strategy_tcm29-37329.pdf)



- Improving the range of product on offer; and
- Making it easier to visit Britain.

1.67 VE's strategy, *England: A Strategic Framework for Tourism 2010-2020* (revised edition published 2011)<sup>36</sup>, sets as its vision 'to maximise tourism's contribution to the economy, employment and quality of life in England' and identifies four interdependent objectives:

1. To increase England's share of global visitor markets;
2. To offer visitors compelling destinations of distinction;
3. To champion a successful, thriving tourism industry;
4. To facilitate greater engagement between the visitor and the experience.

### **Further information about VB and VE**

1.68 Key corporate documents published by VB and VE are included in the list in [Annex J](#).

<sup>36</sup>[http://www.visitengland.org/bounce.aspx?PG=/Images/Strategic%20Framework%20main%20document\\_tcm30-33240.pdf](http://www.visitengland.org/bounce.aspx?PG=/Images/Strategic%20Framework%20main%20document_tcm30-33240.pdf)

**FUNDING & INCOME**

	Forecast			Actual								
	2014/15			2013/14			2012/13			2011/12		
	£'000			£'000			£'000			£'000		
	VB	VE	VB&VE Total	VB	VE	VB&VE Total	VB	VE	VB&VE Total	VB	VE	VB&VE Total
DCMS Funding - GIA	19,414	6,951	26,365	23,100	7,730	30,830	24,992	8,100	33,172	26,592	10,050	36,771
DCMS Funding GREAT	17,000	2,000	19,000	12,000	2,000	14,000	12,500	3,080	15,500	10,000	1,129	11,000
DCMS Funding Flood Relief	0	0	0	0	2,000	2,000	0	0	0	0	0	0
<b>Total DCMS Funding</b>	<b>36,414</b>	<b>8,951</b>	<b>45,365</b>	<b>35,100</b>	<b>11,730</b>	<b>46,830</b>	<b>37,492</b>	<b>11,180</b>	<b>48,672</b>	<b>36,592</b>	<b>11,179</b>	<b>47,771</b>
Regional Growth Fund Grant	0	6,737	6,737	0	6,163	6,163	0	6,900	6,900	0	0	0
Other Grants <sup>37</sup>	115	0	115	151	11	162	110	85	195	103	133	236
<b>Total Grants</b>	<b>115</b>	<b>6,737</b>	<b>6,852</b>	<b>151</b>	<b>6,174</b>	<b>6,325</b>	<b>110</b>	<b>6,985</b>	<b>7,095</b>	<b>103</b>	<b>133</b>	<b>236</b>
Partnership Income	7,240	0	7,240	2,949	0	2,949	2,704	0	2,704	0	0	0
Great RGF	0	1,056	1,056	0	1,108	1,108	0	748	748	0	0	0
Other Partnership Income	3,883	1,260	5,143	5,815	995	6,810	6,782	2,919	9,701	5,740	1,729	7,469
<b>Total Partnership Income</b>	<b>11,123</b>	<b>2,316</b>	<b>13,439</b>	<b>8,764</b>	<b>2,103</b>	<b>10,867</b>	<b>9,486</b>	<b>3,667</b>	<b>13,153</b>	<b>5,740</b>	<b>1,729</b>	<b>7,469</b>
<b>Commercial Income<sup>38</sup></b>	<b>17,430</b>	<b>717</b>	<b>18,147</b>	<b>16,275</b>	<b>836</b>	<b>17,111</b>	<b>11,304</b>	<b>789</b>	<b>12,093</b>	<b>10,874</b>	<b>5,908</b>	<b>16,782</b>
<b>Other Income<sup>39</sup></b>	<b>331</b>	<b>1</b>	<b>332</b>	<b>323</b>	<b>0</b>	<b>323</b>	<b>965</b>	<b>15</b>	<b>980</b>	<b>635</b>	<b>188</b>	<b>823</b>
<b>Total Funding &amp; Income</b>	<b>65,413</b>	<b>18,722</b>	<b>84,135</b>	<b>60,613</b>	<b>20,843</b>	<b>81,456</b>	<b>59,357</b>	<b>22,636</b>	<b>81,993</b>	<b>53,944</b>	<b>19,137</b>	<b>73,081</b>

<sup>37</sup> Grants from other public bodies such as UKTI for marketing activities.

<sup>38</sup> The treatment of VE's accommodation quality assessment scheme changed in 2012/13 resulting in a sharp fall in VE's commercial income.

<sup>39</sup> Such as UK and overseas rental income and bank interest.

# Chapter 2: Findings on the Functions and Form of VB and VE

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## Context

- 2.1 Triennial Reviews examine whether all the functions fulfilled by a public body are still necessary, and if they are, whether the current form of organisation is the most efficient and cost-effective delivery model.
- 2.2 When considering the form of organisation, review teams consider a range of alternative delivery models, and whether the functions pass one or more of the three ‘tests’ of whether they should be delivered ‘at arm’s length’ from ministers, i.e. by an NDPB.

## The objectives and functions of VB and VE

- 2.3 The Development of Tourism Act 1969 defines the functions of the British Tourist Authority as being:
  - (a) to encourage people to visit Great Britain and people living in Great Britain to take their holidays there; and
  - (b) to encourage the provision and improvement of tourist amenities and facilities in Great Britain

and gives it a duty to advise Ministers and public bodies on tourism matters in Great Britain.

- 2.4 The English, Scottish and Welsh Tourist Boards were given similar functions and the same duty in relation to England, Scotland and Wales respectively, but the Act did not give them the power to encourage overseas visitors to come to their countries unless acting on behalf of the BTA. (For Scotland and Wales, this limitation was subsequently removed by the Tourism (Overseas Promotion) (Scotland) Act 1984 and the Tourism (Overseas Promotion) (Wales) Act 1992.)
- 2.5 Extracts from the Act setting out the functions, duties and powers of the BTA and the national tourist boards are in [Annex D](#).

- 2.6 The functions of VB and VE deliver the functions and duties set out in the Act and the Government's aims for tourism as set out in the Tourism Strategy (see paragraph 1.38). They are further described in their respective corporate objectives for 2011-2015<sup>40</sup>.
- 2.7 VB's corporate objectives are to:
1. Inspire travellers from overseas to visit Britain;
  2. Deliver a global network to support tourism promotion overseas;
  3. Advise Government and the industry on tourism, particularly on issues that affect our global competitiveness;
  4. Maximise public investment through partner engagement and commercial activity.
- 2.8 VE's corporate objectives are to:
1. Drive forward the implementation of the Strategic Framework for Tourism in England to contribute to the annual 5% growth target and deliver the actions for which VE is responsible;
  2. Develop and implement a national brand and marketing approach for England which leverages England's best assets and encourages a range of partners to benefit from collaborative activities to achieve a step change in domestic holiday-taking and ensure England is visible in the international market place;
  3. Establish VE as the primary source of expertise on English tourism and its visitor economy and make this expertise and intelligence widely accessible to its partners;
  4. Develop a business model that provides England's tourism sector with a more robust and sustainable national tourism body for the longer term which is effectively engaged with a wider range of partners at the national and local level, whilst reducing overheads in accordance with the Management Agreement with DCMS;
  5. Support Government to achieve its policy aspirations as appropriate and relevant to VE.
- 2.9 The business priorities, activities and performance indicators to deliver these objectives are set out in VB's and VE's annual business plans<sup>41</sup>.
- 2.10 Based on their corporate objectives, together with the requirements of the Development of Tourism Act 1969, the functions of VB are:

<sup>40</sup> See the Annual Report and Accounts 2013-14, page 3:

[http://www.visitbritain.org/bounce.aspx?PG=/Images/Annual%20Accounts%202013-14\\_tcm29-42119.pdf](http://www.visitbritain.org/bounce.aspx?PG=/Images/Annual%20Accounts%202013-14_tcm29-42119.pdf)

<sup>41</sup> VB 2014-15 business plan: [http://www.visitbritain.org/bounce.aspx?PG=/Images/VB%2014-15%20Business%20Plan\\_tcm29-41436.pdf](http://www.visitbritain.org/bounce.aspx?PG=/Images/VB%2014-15%20Business%20Plan_tcm29-41436.pdf)

VE 2014-15 business plan:

[http://www.visitengland.org/bounce.aspx?PG=/Images/VisitEngland%20Business%20Plan%202014-15\\_tcm30-41542.pdf](http://www.visitengland.org/bounce.aspx?PG=/Images/VisitEngland%20Business%20Plan%202014-15_tcm30-41542.pdf)

1. International consumer marketing
2. International trade engagement and export support
3. Building market and customer knowledge
4. Providing leadership and advice on inbound tourism
5. Commercial activity and partnerships

2.11 The functions of VE are:

1. Strategic development and implementation
2. Marketing the English tourism offer
3. Research, advice and expertise on tourism in England
4. Enterprise, industry development and engagement

2.12 The key activities and actions underlying these functions are set out in [Annex F](#).

2.13 For both organisations, partnership-working with a wide range of stakeholders in the public and private sectors is at the heart of their activities and the main means by which their functions are delivered.

## Evidence and analysis of the functions of VB and VE

### Evidence provided on VB's and VE's functions and analysis

2.14 The Review team received feedback on VB and VE from the online call for evidence. 47 submissions were received: 44 from or on behalf of organisations and 3 from individuals. The review team held round table discussions with a number of VB's and VE's key stakeholders, including representatives from the tourism industry, local tourism organisations and trade associations. The team also conducted a number of meetings and telephone calls with individual stakeholder and partner organisations, officials from the devolved administrations and other Government departments. A summary of stakeholder views is at [Annex G](#).

2.15 All the evidence received by the Review team underlined the importance of tourism to the UK economy, the ongoing relevance of the functions set out in the Development of Tourism Act, and the roles of VB and VE in delivering those functions. However, many stakeholders considered that VE needed to be strengthened through a revision of its remit, clearer definition of its functions and a new relationship with VB. Similarly, there was widespread support for clarification of VB's functions and its relationships with VE and the other national Visits.

2.16 Most stakeholders considered that, left to its own devices, the tourism industry would not be able to form the partnerships necessary and work collaboratively to develop high-

quality tourism opportunities in England and Britain and market them effectively, particularly in international markets, or to take maximum advantage of Government initiatives and programmes such as the GREAT campaign. One destination organisation said: “[VB and VE] are vital organisations in the development and promotion of Britain both domestically and internationally”.

- 2.17 For VB, marketing promotion for Britain in international markets was regarded as the most important function, supported by marketing of England, Scotland and Wales in those markets where the distinction between Britain and its constituent nations was understood. Building, maintaining and applying the customer and trade insights and intelligence which underpinned this marketing activity and developing relationships and partnerships in support of campaigns were also key functions of VB.
- 2.18 For VE, stakeholders considered that its role in leading the strategic development of the tourism sector was key, and in particular promoting the development of high-quality tourism products to attract domestic and international visitors and providing a pathway through to VB and its international marketing expertise. VE’s customer insights and intelligence were well-regarded and considered to be of value to tourism businesses and organisations. A national representative organisation commented: “[VE] play an important role in providing support to local areas and destination management organisations”. A local government stakeholder said: “we believe they [VE] are in the strongest position to provide national leadership and support to English destinations”.
- 2.19 Most stakeholders considered that VB and VE were reasonably effective in delivering their functions, objectives and priorities, given the resource constraints under which they operated. A destination organisation commented: “Overall effectiveness ... has exceeded expectations and delivered significant return on investment”.
- 2.20 However, most stakeholders also considered that there were tensions and issues in the way in which the two organisations operated and interacted with each other and with some key stakeholders. Although they did not want to see the functions or the organisations abolished, stakeholders were clear that the Review provided an opportunity to address these tensions and issues and re-focus VB and VE so as to improve delivery of the functions and maximise their impact on and benefits for the tourism sector.

## Are the functions still required?

- 2.21 In the light of information provided by VB and VE and the views expressed by stakeholders in their contributions to the Review, the Review team considered whether all the functions of VB and VE are still required.
- 2.22 The Review team noted several factors which they considered to be relevant:
- the changes in the number of inbound visitors which show an increase for the UK as a whole since 2008, but with significant differences between London and the rest of Britain (see paragraphs 1.25-1.27) and the figures for domestic tourism (see paragraphs 1.28-1.29);

- the trends in international tourism and the UK's position and market share relative to our main competitors (see paragraph 1.22);
- the fragmented nature of the sub-regional organisational structure in England, with around 200 destination organisations responsible for developing and promoting tourism in their local areas, and almost 40 Local Enterprise Partnerships responsible for deciding priorities for investment in infrastructure;
- the very large number of SMEs operating in the tourism sector, mostly at local level, and the wide range of interests which they cover, e.g. transport, accommodation, events, visitor attractions, food and drink, leisure activities;
- the need to co-ordinate and collaborate across organisations, interests and geographical boundaries in order to develop a range of coherent and compelling English tourism experiences that sit alongside and complement the London, Scottish and Welsh offers;
- the growth of online booking services and social media allowing consumers access to a wide range of sources of information about accommodation and other tourist services and to post their own comments and reviews;
- the impact of the GREAT campaign both in developing and promoting a national brand and in promoting Britain and England as tourism destinations; and the contributions of VB and VE to the campaign;
- the scope for tourism to make a significant contribution to economic growth, trade, inward investment, job creation and skills development; and
- the benefits of international tourism marketing for the UK's 'soft power' and international reputation.

2.23 The Review team considered that the diversity and the very large numbers of organisations and businesses in the tourism sector, while creating benefits for consumers through competition, have given rise to market failure in two ways:

- a. **co-ordination failure**, in that some businesses are likely to opt out of multi-party product development and marketing efforts, because they anticipate that the benefits to them from additional visitor spending will be outweighed by their contribution to the costs; there is a risk of free-riders who benefit from the additional visitors but do not contribute to the costs of the product development and marketing to attract them, which creates a disincentive for others to contribute; and some businesses and organisations may be reluctant to collaborate with others whom they perceive to be competitors.
- b. **information failure**, in that most businesses in the tourism sector do not have the resources to carry out the market research required to understand the tastes, preferences and requirements of potential visitors, particularly those from other countries, and to enable them to develop, promote and market their products and services to maximum effect. While a destination-based organisation could in theory invest in market research, in practice it would be likely to suffer from the co-ordination failure outlined above.

- 2.24 These market failures are most acute in seeking to attract visitors from overseas, as it is more difficult for businesses, particularly SMEs, to co-ordinate effectively at the level and scale required and to build up the expertise, knowledge and understanding of overseas consumers and businesses to do so. Equally, consumers and businesses in overseas markets are more likely to require more detailed information on what is available and how to access it, often in a language other than English which few tourism businesses or organisations other than a national tourist board are capable of providing.
- 2.25 In terms of attracting domestic visitors, the market failures are less obvious. It is easier for a smaller number of tourism businesses in one location to co-ordinate activity in order to attract visitors and to identify and understand the preferences and requirements of their target audience than it is for the very large number of tourism businesses dispersed across the country to do so. Domestic visitors are also more likely than overseas visitors to be able to find out for themselves information about destinations, venues and attractions and less likely to be hampered by language barriers, but may still need to be alerted to tourism opportunities and directed to relevant sources of information. A national tourist board is uniquely well-placed to provide an overview of how consumer tastes are changing, facilitate partnerships between businesses and promote a coherent view of the English tourism experience.
- 2.26 Effective promotion of tourism is a key element in achieving the Government's aims of increasing the numbers of overseas visitors to the UK and increasing the proportion of UK residents who holiday in the UK. The Review team noted that in some overseas markets it was necessary to market 'Britain', as the distinction between England, Scotland and Wales was not well-known or understood, whereas in others marketing of separate England Scotland and Wales brands and tourism opportunities could be more effective. The Review team also agreed that promoting Britain, and its nations and regions, as a great place to visit supports the wider aims of the Government's GREAT campaign, providing the basis for co-operation and collaboration with other national partners such as UKTI, the British Council and the FCO, in terms of driving up overall inward investment into the UK.
- 2.27 In the light of these considerations, the Review team concluded that there was an ongoing need for intervention:
- to encourage people to visit Great Britain and people living in Great Britain to take their holidays there; and
  - to encourage the provision and improvement of tourist amenities and facilities in Great Britain.

and that the functions set out in Development of Tourism Act 1969 should be retained.

**Recommendation 1: The functions of the British Tourist Authority and the English Tourist Board as set out in the Development of Tourism Act 1969 should be retained.**



- 2.28 The effective delivery of these functions is reliant on detailed, in-depth knowledge and understanding of customer expectations and requirements, the travel trade and wider global trends. It is important that customer insights, intelligence and research are communicated to the tourism sector to inform the development of tourism products and campaigns. The success of any activities to promote tourism should also be evaluated and the lessons learned should be shared.
- 2.29 In relation to the strategic development and leadership of the tourism sector, the Review team noted that priorities for the sector need to be agreed and implemented in a co-ordinated and holistic way to avoid duplication, inconsistent and incompatible actions and waste of resources and to promote co-operation and efficiency and improve standards.
- 2.30 The Review team also noted the importance of bringing the sector together to enable it to think collectively about the support required and deliver a consistent and authoritative message to Government on its priorities.
- 2.31 Finally, the Review team recognised that developing partnerships with business and engaging in commercial activities offer ways of increasing the resources available for tourism development and marketing. They also help to ensure business support for these activities at national and international level as well as contributing to the growth of businesses in the tourism sector. The Review team concluded that the functions relating to industry engagement, partnerships and commercial activities are therefore still required.

## Is an arm's length body the most efficient and effective way to deliver the functions?

### Why are VB and VE NDPBs?

- 2.32 VB and VE are Non-Departmental Public Bodies (NDPBs). An NDPB is broadly defined as:
- 'a body which has a role in the processes of national government, but is not a Government department or part of one, and which accordingly operates to a greater or lesser extent at arm's length from ministers'.*
- 2.33 Executive NDPBs typically deliver functions on behalf of Government; whereas advisory NDPBs provide specialist advice on the issues within their remit.
- 2.34 VB and VE were established as the British Tourist Authority (BTA) and the English Tourist Board (ETB) respectively by the Development of Tourism Act 1969. They were both designated as executive NDPBs. On 1 April 2003, the ETB ceased to be funded by the Government and was re-classified as an advisory NDPB, and the BTA, now trading as VisitBritain, assumed responsibility for the domestic marketing of England. In 2009, VB established VE with its own Chief Executive, reporting to the Chairman and board of the ETB, to carry out the domestic functions. However, VE remains part of VB for funding and governance purposes, and the board and Accounting Officer of VB are legally accountable for its activities,

2.35 More information on different types of public body, including NDPBs, is available on the Public Bodies Reform page on the gov.uk website<sup>42</sup>.

### Three tests for being an NDPB<sup>43</sup>

2.36 The Government's presumption is that if a 'public function' is needed then it should be undertaken by a body that is democratically accountable at either national or local level, and that such a body should only exist 'at arm's length' from Government if it meets one of three tests:

1. It performs a technical function (which needs external expertise to deliver).
2. It performs a function which needs to be, and be seen to be, delivered with absolute political impartiality (such as certain regulatory or funding functions).
3. It performs a function which needs to be delivered independently of ministers to establish facts and/or figures with integrity.

2.37 The Review considered the functions set out in the Development of Tourism Act against these three tests.

#### *Test 1 – Technical function*

2.38 The functions require technical expertise to carry out. In particular, they require the acquisition and application of in-depth detailed knowledge and understanding of the tourism sector and tourism markets both in this country and overseas, in particular the requirements and expectations of both businesses and consumers; and expertise in marketing and in developing commercial activity and partnerships. The Review concluded that the functions strongly pass this test.

#### *Test 2 – Political impartiality*

2.39 Tourism policy, together with its goals and objectives, including, for example, which overseas markets are targeted, is set by the Government. However, stakeholders and partners expect that decisions on how the objectives are achieved will be taken impartially and based on the best available evidence, for example on the return on investment to the UK. The Review team considered that this impartiality could be provided by an NDPB carrying out the functions.

#### *Test 3 – Establish facts and/or figures*

2.40 Both VB and VE collect data about their work and its impact and about tourism and the tourism sector more generally. They also collect and analyse consumer insights, intelligence and information about the requirements and expectations of consumers and

<sup>42</sup> <https://www.gov.uk/public-bodies-reform>

<sup>43</sup> See guidance at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/332147/Triennial\\_Reviews\\_Guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/332147/Triennial_Reviews_Guidance.pdf)

businesses in the tourism sector both in this country and overseas to inform both their own work and that of their partners and stakeholders. The Review team considered that while much of this data does not need to be collected independently of Government, it is integral to the successful delivery of the functions set out in the Development of Tourism Act and it is therefore sensible for it to be collected by the same body or bodies responsible for those functions.

2.41 In summary, the Review team concluded that the functions should continue to be carried out at arms-length from Government.

### **Comparison of alternative delivery models**

2.42 The Review considered the full range of alternative delivery models for delivering the functions, as set out in the Triennial Review guidance. Some of these were rejected as not appropriate but a more detailed assessment was made of the options considered potentially more viable.

2.43 Consideration was given to bringing all or some of the functions into central government, either into DCMS or into another Government Department, such as BIS or the FCO. The Review team considered that while this would be possible, it would risk the loss of specialist knowledge, skills and technical expertise and could have an adverse impact on the development of commercial activities and partnerships. It might also lead to a loss of confidence in the objectivity of marketing and funding decisions. The Review team concluded that the functions are best delivered by specialist organisations with the necessary technical skills, expertise and impartiality. The Review team also considered that delivery of some or all of the functions by a new Executive Agency would not be appropriate: the cost of establishing a new body would be high, and it was not considered by the Review team to be justifiable.

2.44 The Review also considered whether some of the functions could move outside central government and be delivered by local authorities. However, the Review team did not consider it to be feasible for local authorities to address the problems of fragmentation which hinder the effective development of a range of coherent tourism products in England which can be promoted overseas. This was identified by many stakeholders as a crucial weakness in the current arrangements. As with moving functions into central government, there would be a risk of losing specialist knowledge, skills and expertise and limiting the scope for commercial activities and partnerships, particularly with national and international business partners.

2.45 The Review then looked at the possibility of merging VB and/or VE with another body. The Review considered whether there were any other Arm's Length Bodies (ALBs) or other Government bodies that had an alignment of functions with VB and/or VE and whether there were any natural options for a merger.

2.46 The Review team considered that VB could be merged with UKTI. This would allow for closer working and greater synergies with the Government's wider overseas trade promotion, marketing and inward investment activities. However, tourism is the UK's third largest service export, and a significant amount of VB's work is business-to-consumer marketing, whereas UKTI is mainly focussed on business-to-business marketing and engagement. The Review team considered that a merger would risk

diluting the focus on the performance of both UKTI's and VB's functions and, as the operating models are different, adversely affecting performance. The Review team therefore concluded that, while VB should seek to strengthen its relationship and joint working with UKTI, a merger with UKTI would not be appropriate.

- 2.47 The Review team also considered whether VB could be merged with the British Council. This would allow for closer working and greater synergies with the British Council's work in promoting Britain's brand, reputation and 'soft power' overseas, particularly through culture and within the GREAT campaign. However, the British Council is a charity, so its ability to undertake tourism promotion, which is not itself a charitable objective, would be limited; and it has a strong focus on education, which is outside VB's remit. The Review team considered that there would be a risk of a loss of focus on tourism promotion and marketing of tourism opportunities to both businesses and consumers, in favour of general brand building and marketing. The Review team concluded that while opportunities for closer working between VB and the British Council should continue to be explored and developed, the 'fit' between the two organisations was not sufficient to justify a merger.
- 2.48 In relation to VE, the Review team considered whether it could be merged with other public bodies with some responsibility for the development of England's tourist attractions, such as the Arts Council of England (ACE) or the Heritage Lottery Fund (HLF). While closer working between VE and these organisations is to be encouraged, the Review team noted that the charter objectives of ACE and the statutory objectives of the HLF would not cover the promotion of tourism, as opposed to supporting individual tourism projects if they fall within their existing remit. The Review was also concerned that the range of outcomes that these organisations are responsible for delivering would distract from the imperative of developing a range of coherent English tourism experiences which can sit alongside the London, Scottish and Welsh offers.
- 2.49 Aside from the option of merging VB and VE into a single body (this is discussed further in [Chapter 3](#)), the Review concluded that there were no other bodies with which either could be merged.
- 2.50 The Review then considered the possibility of transferring functions to the private sector or delivering them on a more commercial basis, including whether they could be 'spun out' into public service mutuals or delivered by new private sector companies.
- 2.51 The Review team considered that some aspects of some functions could be delivered by the private sector under contract to VB and VE, for example in relation to the marketing functions, and that there was scope for further partnership working and funding in VB and VE's work (see paragraph 3.34). However, the Review team could find no existing industry bodies which would be capable of taking over all the functions of VB and VE; and the complexity, costs and time involved in setting up one or more new bodies was unlikely to represent value for money and would risk a loss of focus on tourism development and marketing while the new arrangements were being established. Moreover, a private sector company or mutual might not be as well-placed to forge partnerships with other government bodies at central or local level, and concerns about the potential for a conflict of interest could hamper commercial partnerships and raise questions about impartiality.

2.52 The Review team also considered whether the existing model could be retained but be funded entirely by a levy on tourism businesses. However, there are numerous practical barriers to such a levy. Unless it were wholly voluntary, a levy would require primary legislation. If it were voluntary and some businesses refused to pay, there would be a problem of free-riders benefitting from spending funded by the levy without contributing to it. Defining which businesses should pay the levy would be difficult and controversial: a narrow definition based only on accommodation providers would under-represent those who benefit from tourism spending and therefore raise a sub-optimal amount of funding, but a broad definition including leisure, entertainment and food and drink providers would capture some businesses that gain relatively little from tourism. If a definition could be found, it would likely prove to be very difficult to enforce and collect such a levy, due to the varied types of businesses in the tourism sector and the large numbers of SMEs. This would make such a system inefficient due to the transaction costs. The Review Team therefore concluded that it was right that there should be some public funding from general taxation to support delivery of the functions, although it was also important to explore the scope to increase the private sector contribution.

2.53 Re-classification as a public corporation was not considered to be appropriate as neither VB nor VE covers 50% of its operating costs from selling goods and services. Currently VB earns commercial income mainly through its online shop. In 2013/14 its commercial income amounted to £16.598 million – just under 27.5% of its total income and around 27% of its total expenditure. VE has relatively little commercial income. In 2013/14 such income amounted to £836,000 – around 4% of its total income and of its total expenditure.

## **Conclusions on the delivery models for VB and VE**

2.54 The assessment of alternative delivery models for the functions of VB and VE is summarised in the tables on pages 39-42.

2.55 In relation to alternative delivery models, the Review concluded that:

- a. None of the alternative models considered would deliver significantly greater benefits than VB's and VE's current NDPB status;
- b. It is very likely that the costs of implementing a different delivery model would outweigh the benefits of doing so.
- c. Moving the functions to another part of central Government, local government or the private sector would present significant risks.

2.56 In relation to VB's and VE's current NDPB status, the Review concluded that:

- a. The reasons for originally classifying VB and VE as NDPBs remain valid.
- b. Any alternative delivery model would have to be compatible with NDPB status to deliver public functions. There was insufficient evidence to suggest alternative models would provide further efficiencies or offer the technical knowledge and expertise required by the sector.

2.57 The Review team therefore concluded that continued delivery of the functions by NDPBs remains the most appropriate delivery model for VB and VE, given the technical knowledge and expertise of their staff, and the effectiveness and credibility which they offer to stakeholders, partners and customers.

**Recommendation 2: VisitBritain and VisitEngland strongly pass the technical function test and, to a lesser degree, the political impartiality and establish facts and figures tests and should therefore remain as NDPBs.**

**Alternative Delivery Options: Assessing VB and VE functions as underpinned by their corporate objectives**

**1. VisitBritain**

<b>Function →</b>	<b>International consumer marketing</b>	<b>International trade engagement and export support</b>	<b>Building market and customer knowledge</b>	<b>Providing leadership and advice on inbound tourism</b>	<b>Commercial activity and partnerships</b>	<b>Comments</b>
<b>Delivery option ↓</b>						
<b>Abolish</b>	No	No	No	No	No	The functions are still required. Could not abolish one function without an adverse impact on the rest.
<b>Move to central government</b>	Possible	Possible	Possible	Possible	No	Could be done but would risk loss of specialist knowledge, skills and expertise and would be likely to limit scope for commercial partnerships and activities.
<b>Move to local government</b>	No	No	No	No	No	Issues of co-ordination and funding would make it very difficult for local government to carry out the functions effectively.

<b>Function →</b>	<b>International consumer marketing</b>	<b>International trade engagement and export support</b>	<b>Building market and customer knowledge</b>	<b>Providing leadership and advice on inbound tourism</b>	<b>Commercial activity and partnerships</b>	<b>Comments</b>
<b>Delivery option ↓</b>						
<b>Merge with another body</b>	Possible	Possible	Possible	Possible	Possible	Could be merged into UKTI or British Council but would risk loss of focus and might be treated as less of a priority than other UKTI / BC business.
<b>Move to public service mutual or private sector</b>	No	No	No	No	No	Not clear that it would provide overall co-ordination, expertise and leadership required or be more efficient and effective. Possible issues of accountability and procurement.
<b>Public Corporation</b>	No	No	No	No	No	Does not generate sufficient commercial income.
<b>Maintain current status as NDPB</b>	Yes	Yes	Yes	Yes	Yes	Remains the best way to deliver the functions.



## 2. VisitEngland

<b>Function →</b>	<b>Strategic development and implementation</b>	<b>Marketing the English tourism offer</b>	<b>Provide research, advice and expertise on tourism in England</b>	<b>Enterprise, industry development and engagement</b>	<b>Comments</b>
<b>Delivery option ↓</b>					
<b>Abolish</b>	No	No	No	No	The functions are still required.
<b>Move to central government</b>	Possible	Possible	Possible	Possible	Could be done but would risk loss of specialist knowledge, skills and expertise and would be likely to limit scope for commercial partnerships and activities.
<b>Move to local government</b>	No	No	No	No	Would not address the problem of a fragmented sub-national landscape which hinders effective development of the English tourism offer and sector.
<b>Merge with another body</b>	Yes	Yes	Yes	Yes	Could be merged with VisitBritain, but this would risk loss of focus on development of the England brand and tourism offer compared with the Scotland and Wales brands and offers.

<b>Function →</b>	<b>Strategic development and implementation</b>	<b>Marketing the English tourism offer</b>	<b>Provide research, advice and expertise on tourism in England</b>	<b>Enterprise, industry development and engagement</b>	<b>Comments</b>
<b>Delivery option ↓</b>					
<b>Move to public service mutual or private sector</b>	No	No	No	No	Not clear that it would provide overall co-ordination, expertise and leadership required or be more efficient and effective. Possible issues of accountability and procurement.
<b>Public Corporation</b>	No	No	No	No	Does not generate sufficient commercial income.
<b>Maintain current status as NDPB</b>	Yes	Yes	Yes	Yes	Remains the best way to deliver the functions.

# Chapter 3: Improving the effectiveness of VB and VE for the future

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## Changes to the form and functions of VB and VE

- 3.1 Having concluded that the functions set out in the Development of Tourism Act were still required and that they should continue to be delivered by NDPBs, the Review team considered whether the current structural relationship and division of functions between VB and VE should be retained or whether any changes were required to improve the efficiency, effectiveness and impact of delivery of the functions.

### Relationship between VB and VE

- 3.2 The Review team considered that the current arrangement, whereby VE is in effect a part of VB presented some problems. In particular, the Chief Executive of VB, as the Accounting Officer for both organisations, is accountable for the performance of VE but, for the most part, not responsible for it. Moreover, the relationship and the lines of accountability and responsibility were often unclear and lacked transparency.
- 3.3 The Review team considered whether VB and VE should be merged into a single NDPB. This would have some benefits: it would remove confusion about which organisation was responsible for which aspect of tourism development and marketing; it would ensure that the Accounting Officer was accountable for a single, unified organisation; and it would create the potential for administrative efficiencies.
- 3.4 However, the Review team also identified a number of arguments against a merger. Given the imperative of promoting Britain overseas to increase inward investment, there was a risk that a single, merged organisation would focus too heavily on this function at the expense of driving improvements in the English tourism offer. It might also lead VisitScotland, Visit Wales and London & Partners to question the impartiality of decisions taken by VB as it could be perceived as having an in-built bias towards England.
- 3.5 The Review team noted that a merger would in effect be a return to the pre-2009 position of having a single tourism body responsible for both Britain and England. VE was set up in 2009 following the British Tourism Framework Review to address the demand from the tourism sector in England for a dedicated tourist board for England on a par with those for Scotland and Wales. It was not clear that anything had changed in the intervening period to suggest that a single organisation would be better for the tourism sector, and there was no demand from stakeholders for VB and VE to be merged back into a single organisation. One destination organisation said: *“It is vital that England has an independent national tourism organisation that can represent England’s interests alongside the other national tourism organisations.”*

- 3.6 On balance, the Review team concluded that a merger would not serve the best interests of the tourism sector or lead to sufficient improvement in the delivery of the functions to justify it.
- 3.7 The Review team then considered whether VB and VE should be fully separated into two distinct organisations, each with its own Accounting Officer. This would help to clarify the lines of accountability and responsibility and would also make it easier to clarify the respective functions of each organisation, thereby reducing confusion about which organisation was responsible for which aspect of the functions. It would allow each organisation to focus on those areas and where it was uniquely well-placed to deliver. The Review team noted that the VE functions overseen by the ETB board were already more analogous to those of an executive NDPB than an advisory NDPB, and that separation would require the ETB to be reclassified as an executive NDPB. However, as it was already classified as an advisory NDPB, this would not increase the overall number of NDPBs.
- 3.8 VB and VE have provisionally estimated that separation would have an initial one-off cost of £190,000, mainly associated with setting up VE as a separate employer in the pension scheme, and on-going annual costs of at least £140,000. However, efficiency savings of £441,000 in the shared services have been identified (of which £17,000 would be realised in 2014/15 and £424,000 in 2015/16), which would help to offset the costs of separation. As part of the implementation of the recommendations of this Review, VB and VE would undertake a comprehensive review of shared services to establish an appropriate model for the future and identify further efficiency savings (see paragraphs 4.12- 4.13).
- 3.9 The Review team concluded that full separation of VB and VE was preferable to continuing with the current arrangement and would help to ensure adequate focus on both the development of a range of world-class tourism experiences in England and on the promotion of Britain and its nations and regions in overseas markets.

**Recommendation 3: VisitBritain and VisitEngland should be formally separated into two executive NDPBs, focussed on those areas where they are uniquely well-placed to deliver.**

## Functions

- 3.10 Although the Review team had concluded that the functions set out in the Development of Tourism Act were still required (see paragraphs 2.21-2.27), this did not preclude making changes to the roles and responsibilities of VB and VE in terms of ensuring the most cost-effective performance and delivery of the functions. The Review considered that changes were desirable in order to:
- clarify to Government, Parliament and the public what each organisation is responsible for delivering and strengthen accountability;

- eliminate the duplication of functions, in particular the overlap in marketing, whereby VE currently does some international marketing of England alongside VB marketing of Britain;
- drive continuous innovation and improvement in the English tourism offer, in line with customer expectations;
- enhance England's and Britain's ability to attract business visits and events;
- encourage more overseas visitors to visit the nations and regions of Britain;

3.11 To meet these requirements the Review team concluded that that the future roles of VB and VE should be as described in the following paragraphs.

## **VisitEngland**

3.12 The large number of destination organisations in England means that the development of high-quality, attractive tourism offers and products requires, for the most part, effective collaboration and co-operation across interests and geographical boundaries and between public and private sector partners. However, there are at present few levers and incentives to encourage this and a lack of clear pathways for marketing, particularly in relation to international marketing through VB. The Review team considered that there was a clear opportunity to re-focus VE's role towards supporting the development of a range of high quality, world-class tourism products.

3.13 The Review team concluded that VE as an independent executive NDPB, should no longer carry out international marketing but should be responsible for the delivery of a range of stand-out English tourism products for both business and leisure visits and for the domestic marketing of these products. Such products might be defined geographically or thematically. VE should support the development of such products through the management of a multi-annual English tourism challenge fund.

3.14 VE should retain its role in gathering consumer and business insights, analysis, and providing expertise and links into industry and the wider sector and developing commercial partnerships to underpin its ability to perform this role effectively. The Review team noted that the challenge fund approach might open up new opportunities for partnerships with the private sector, which VE should explore subject to State Aid rules.

3.15 The budget for the challenge fund should reflect the strategic leadership role which the Review team considered VE would need to play in order to manage the fund effectively. The Review team anticipated that the challenge fund will comprise the budget of VE and would therefore include an appropriate element for VE's operating costs.

3.16 VE would be wholly accountable for the management and delivery of the fund, but will work in partnership with VB who will assess the extent to which bids submitted would appeal to an international audience and would attract the support of commercial partners for their promotion overseas.

- 3.17 VE, in partnership with appropriate experts, will determine whether the bids submitted to the challenge fund are deliverable. VE will be accountable for decisions taken on the allocation of funds in light of these assessments.
- 3.18 VE will be responsible for the delivery of domestic marketing of successful bids, and VB will be responsible for their international promotion.
- 3.19 An outline of how the challenge fund might work is set out in the box on page 48 and the flow chart on page 49.
- 3.20 The Review team also considered that there is an important role for VE in growing and supporting business visits and events in England and that VE should work with VB, and other partners to develop the world class product that will win more events, and support the growth of existing business events, using the challenge fund model described above.

**Recommendation 4: VisitEngland should become an independent executive NDPB in its own right, responsible for the delivery of a range of stand-out English tourism products, for both business and leisure, through the management of an English tourism challenge fund.**

**Recommendation 5: VisitEngland should retain its functions to provide insights, analysis, expertise and links into industry and the wider tourism sector and to develop commercial partnerships to deliver the challenge fund and provide advice to government on English tourism.**

**Recommendation 6: VisitEngland should be accountable for the overall stewardship of the challenge fund, and the CEO, as Accounting Officer, accountable for all funds associated with it.**

**Recommendation 7: VisitEngland should undertake all domestic tourism marketing associated with the challenge fund but should cease all international marketing.**

**Recommendation 8: VisitEngland and VisitBritain should agree the required outcomes and budget for the international marketing requirements from the challenge fund and VisitBritain should develop and deliver the necessary campaigns.**

**Recommendation 9: VisitEngland should support the development of business visits and events in England through a challenge fund, and agree the required outcomes and budget for international platforms and sales activities to deliver growth for England in this sector, to be delivered by VisitBritain.**

## Product development

“Product” is the experience that is available to consumers when they visit a destination or destinations. It is underpinned by a consumer-oriented mixture of ‘hard’ and ‘soft’ infrastructure and a range of business offerings and service interactions which, when combined, determine the quality of the experience. Tourism growth can be achieved by advising, facilitating, co-ordinating and investing to bring together the right elements in combinations that market and consumer behaviour insights suggest that consumers want to buy and ensuring that they meet international standards and expectations. The need for product development is continuous in a globally competitive and dynamic industry.

“Hard” infrastructure is, for example, accommodation, transport infrastructure, facilities and attractions, or sport, heritage and arts venues. Much of this requires capital expenditure to implement, improve and maintain.

“Soft” infrastructure might consist of co-ordinated events programmes, e.g. for arts, culture, sport or other activities dictated by consumer insights, smartcard schemes for travel or attractions, joined-up tourist information on how to get around and where to stay, joined-up ticketing arrangements and discounts. It needs to be supported by investment in hard infrastructure.

## The challenge fund

The challenge fund should offer financial and strategic support to incentivise local partners to work together across geographical boundaries to develop products and offers which are fit for market and can be promoted to domestic and international visitors. The focus should be on supporting the development of soft infrastructure, but successful bids should also demonstrate how this will be aligned with, and encourage investment in, hard infrastructure from other public and private sector partners.

We envisage a two-stage process, as follows:

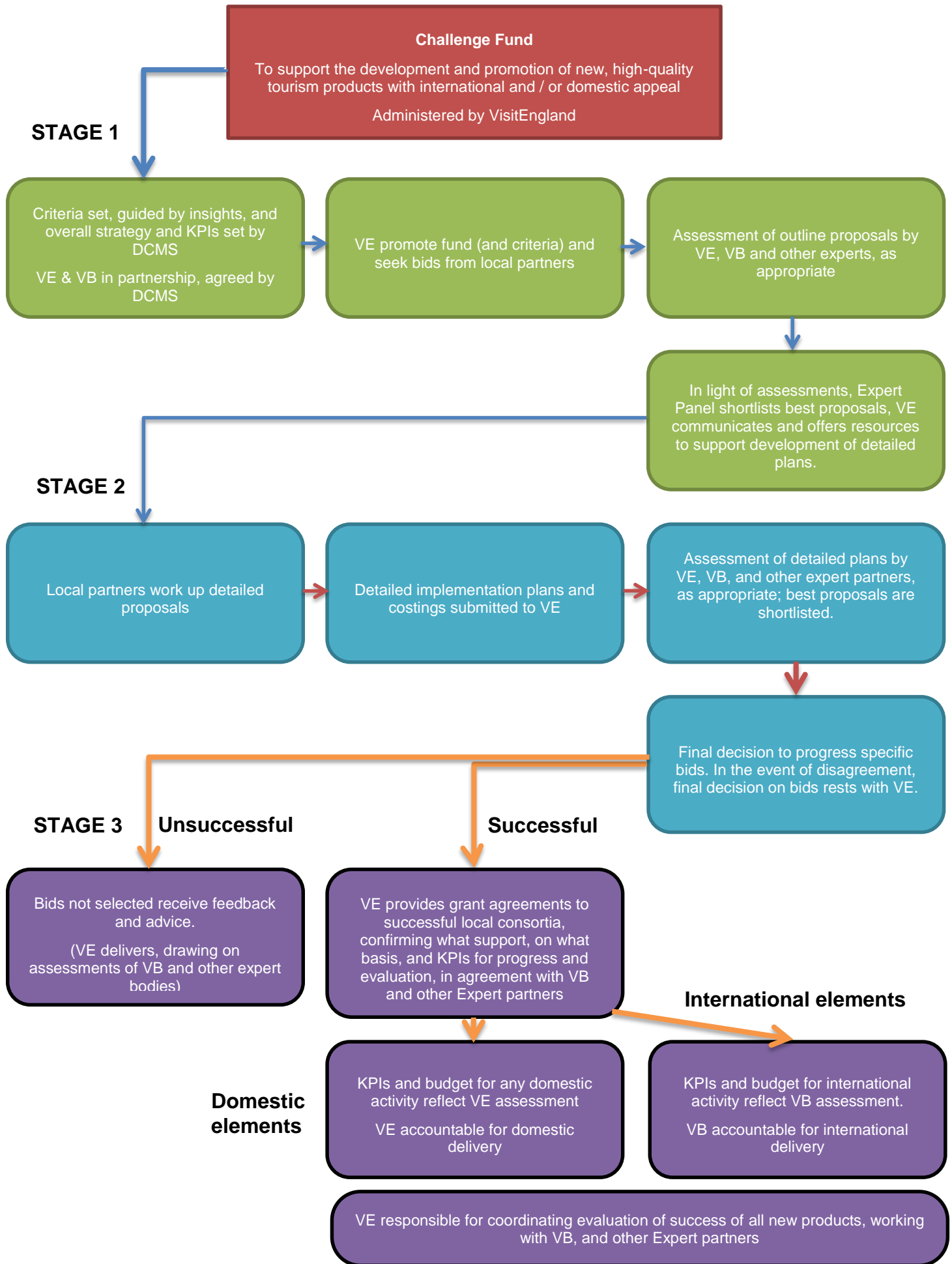
### *Stage 1*

- Preliminary (outline) bids: applicants put together proposals for joined up plans of action. The consortia should include destination organisations in the relevant areas, LEPs etc. and the proposal should include specific commitments from public and private partners (e.g. transport providers, hotel groups) as to how they will support the plan's implementation.
- Bids are assessed by an expert panel, including VB. The best proposals, with the best prospects for realisation and marketization are shortlisted and offered resources from the fund to support development of detailed plans.

### *Stage 2*

- Detailed bids: the shortlisted proposals are worked up into detailed plans.
- Detailed plans are assessed by the expert panel. The best and strongest proposals, which will ideally also leverage in high levels of private sector investment, will secure resources from the fund to support implementation of the soft infrastructure and for domestic and international marketing.
- Bids which are not selected will receive feedback and advice and support to help them find other ways to fund and implement their proposals.





## VisitEngland's accommodation quality assessment scheme

- 3.21 Since its inception, the ETB has played a role in encouraging growth through the improvement of the visitor experience in England. Previously this was manifested through its direct intervention in tourist information provision, grant funding for larger scale product development and upgrading of the facilities of accommodation establishments (under Section 4 of the Development of Tourism Act 1969, until 1986), and the delivery of advice and leadership with regard to improvements in the service provision of accommodation and tourist attractions. However, in recent years, VE's intervention in the improvement of the visitor experience has been limited to activity relating to tourist information partnerships and its accommodation and visitor attractions quality assessment schemes.
- 3.22 VE operates an accommodation quality assessment scheme in which tourist accommodation is assessed by experts against a set of technical criteria and, if appropriate, awarded a quality grading of one to five stars, reflecting the facilities available and the overall quality of the visitor experience. Similar schemes are also operated by VisitScotland, Visit Wales and the AA using the same technical criteria, known as the 'Common Standards'. Participation in the scheme is voluntary. Since 2012, the VE scheme has been delivered by G4S Assessment Services UK Limited trading as Quality in Tourism (QiT), at no cost to the public purse. The original three-year contract has recently been extended for a further year. Under the terms of the contract, QiT pays a licence fee to VE which is linked directly to the number of accommodation providers participating in the assessment scheme and which is used to fund a Moderation Unit of experts to regulate the work of the QiT assessors.
- 3.23 Although the Common Standards have been regularly reviewed and updated over the last ten years, there have been other, significant changes in the wider environment in which the assessment scheme operates. In particular, the growth of online booking services and social media allow consumers to access a far wider range of accommodation information and to post their own reviews, ratings and recommendations; consumer preferences and expectations have changed; and there is greater choice, diversity and innovation in tourist accommodation, as seen, for example, in the emergence of AirBnB.
- 3.24 VE, together with VisitScotland and Visit Wales and the AA, consider it time to review the accommodation assessment schemes to take account of the changed operating environment for both businesses and consumers. A review has been commissioned with the aim of establishing a clear role for the schemes in the future, as a facilitator of business growth and support, and ensuring their relevance to consumers and businesses. The first stage of this review is due to be completed by the beginning of April 2015.
- 3.25 The Review team welcomed the joint review of the accommodation quality assessment schemes and considered that the case for Government intervention through VE in support of accommodation quality standards, and the mechanism for delivery, should be considered in the light of the conclusions and recommendations of the review. The

Review team concluded that VE and DCMS should ensure that the review will provide the information required to make an informed decision on VE's future role in supporting accommodation quality standards and on the future of the VE scheme, and that action on the recommendations arising from the review should be taken quickly after the review reports in spring 2015. Any future developments of the scheme should take account of changes in the tourism industry and markets while operating within State Aid rules.

**Recommendation 10: VisitEngland and DCMS should work together to reach a decision on VisitEngland's future role in support of accommodation quality standards, and the mechanism for delivery, by September 2015.**

## VisitBritain

- 3.26 During the review, some stakeholders expressed concern that VB's objectives and KPIs did not give it an incentive to encourage overseas tourists to visit the nations and regions beyond London. The focus was on the overall numbers of visitors without regard to where they went. Many tourist venues and attractions outside London were overwhelmingly reliant on domestic visitors and there was a need to attract more overseas visitors to venues and destinations across the rest of the country. While the number of overseas visitors had increased in all parts of Britain except Wales between 2010 and 2013, the increase for London exceeded that for the rest of England, and only London showed an increase compared with 2008 (see paragraph 1.24). One national organisation said: *"there is a huge opportunity to expand [visitor] itineraries beyond London"*.
- 3.27 The Review team noted that increasing the numbers of overseas visitors travelling beyond London would have benefits for economic growth and employment. It also noted that greater discussion and collaboration between VisitBritain, the national tourist boards (VisitEngland, VisitScotland and Visit Wales) and London & Partners to align plans would maximise the collective return on investment. The Review team therefore concluded that VB, accountable to DCMS, should continue to be responsible for the promotion of Britain, its nations and regions, overseas, through the GREAT campaign (for which it will have a budget of £15 million in 2015/16), and management of an international marketing budget.
- 3.28 VB should use its international marketing budget to support tactical campaigns, generate customer insight, analysis, and wider market intelligence, support route development, foster commercial partnerships, retail and Business2Business opportunities to deliver the strategic objectives and growth agreed with Ministers.
- 3.29 VB would also have a critical role in supporting VE's management of the English tourism challenge fund.
- 3.30 The Review team considered that VB should have a number of targets, including on regional dispersal, set by DCMS. It should be responsible for drawing up a high level annual plan, which sets out how it intends to deliver against those targets with the funding available, and would be accountable for the delivery of the plan and the achievement of the targets. It should do this through engagement with the national tourist boards and London & Partners on the development and implementation of the plan.

- 3.31 The Review team noted that in some markets it was necessary to promote Britain; while in others, the distinction between Britain and England, Scotland and Wales was more readily understood and promotional activity could be focussed on the separate national, as well as sub-national, brands. VB should draw on its customer insights and consult the national tourist boards and, where appropriate, London, in order to decide which brand works best in any particular market.
- 3.32 The Review team considered that VB should not undertake product or offer development work, or work with individual destinations for international promotion campaigns, without having first engaged the national tourist boards and DCMS. It should work with them to establish processes and protocols for working with local and industry partners ensuring clear and early communication and avoiding duplication of effort or approach.

**Recommendation 11: VisitBritain should be accountable for the tourism promotion of Britain, its nations and regions, overseas.**

**Recommendation 12: VisitBritain should deliver this through the GREAT campaign and the management of an international marketing budget, in partnership with the national tourist boards.**

**Recommendation 13: VisitBritain should retain its functions of generating customer insight, analysis, and generating commercial partnerships to support the growth of inbound tourism.**

**Recommendation 14: VisitBritain should have regional dispersal targets, set by DCMS.**

**Recommendation 15: VisitBritain should draw up a high level annual marketing plan in consultation with the national tourist boards. VB will then be accountable for its delivery.**

**Recommendation 16: VisitBritain should agree with the national tourist boards and DCMS processes and protocols for engaging with local and industry partners, including destination organisations, to ensure that there is clear and early communication and no duplication of effort or approach.**

**Recommendation 17: VisitBritain should support VisitEngland's challenge fund, providing international consumer insights and delivering the agreed international promotion of English tourism products overseas.**

**Recommendation 18: VisitBritain should undertake international business events promotion for England, and at Britain level alongside other GREAT partners and, where appropriate, the national tourist boards.**

## Relationships with other Government bodies

- 3.33 As noted in paragraphs 2.46 and 2.47, the Review team considered whether VB could be merged with UKTI or the British Council. The Review team concluded that a merger would not be appropriate but noted that there were synergies between the work of VB and both UKTI and the British Council and that VB already worked closely with both organisations in the GREAT campaign and on other tactical and strategic campaigns and events. These relationships needed to be developed further and strengthened to maximise the contribution of tourism to export promotion, inward investment and the promotion of British ‘soft power’ and influence.
- 3.34 The Review team also considered that there was significant scope for the Government to make more of tourism and develop further its contribution to economic development. In particular, there was scope for tourism to play a greater role in the 2020 export plan and DCMS should discuss with BIS and UKTI how this could be achieved.

**Recommendation 19: DCMS should have further discussions with BIS and UKTI on how tourism’s contribution to the 2020 export strategy could be enhanced and developed.**

## Partnership working and funding

- 3.35 Partnership funding is a significant source of additional income for VB and VE. It supplements their GIA, helping to fund, in particular, marketing activities and campaigns which otherwise would not happen. VB have a large number of commercial partners; VE have a smaller number on a smaller monetary scale. Some stakeholders were concerned that VB focuses too much on developing partnerships with large private sector companies and that this could distort the marketing effort, causing smaller businesses to lose out on the benefits. However, given the current requirement for private sector partners to provide 50% of the funding for marketing campaigns and the amounts involved, other stakeholders felt it was understandable to seek funding from larger businesses who were likely to be more willing or able to contribute funding.
- 3.36 The Review team considered that both VB and VE should seek ways to increase both the overall amount of partnership funding and the number of partners contributing funding. In particular, they should consider how to increase the percentage of funding for marketing campaigns provided by partners and how far above 50% of the campaign costs it would be feasible to drive this. They should also consider how far the use of partnership funding could be extended to support more of their activities. In doing so, they would need to bear in mind the importance of maintaining a balance between responding to the expectations of private sector partners in order to leverage additional funding, avoiding distortions of competition, and achieving the Government’s priorities and objectives for tourism. The Review concluded that VB and VE should each draw up a strategy for developing partnership working and increasing partnership funding support for activities in the future. VB, in particular, should aim to maximise partnership funding for international marketing campaigns and to incentivise the travel trade.

## Commercial activities

- 3.37 VB's online retail shops are the main source of commercial income for VB. VE has relatively little commercial income since the change in delivery arrangements for its accommodation quality assessment scheme in 2012 (see paragraphs 3.21-3.25). In 2013/14 VB's shops had a turnover of £16.2 million and made a net profit of £1.3 million. The shops comprise twelve local-market websites in seven languages offering over 150 products and discounts for international travellers. They sell a range of travel tickets and passes, tickets and passes for a range of visitor attractions and tours, and branded souvenirs. In addition, VB has a partnership with Transport for London (TfL) to manage offline sales of the international visitor Oyster card and the online TfL visitor travel shop; and a partnership with Visa Facilitating Services (VFS) to operate British Travel Shop kiosks in Visa Application Centres across Asia and the Middle East. In 2013/14 these achieved product sales of £3.5 million and £1.2 million respectively.
- 3.38 The Review team considered that VB should continue to develop its retail operations and grow its commercial income, providing an effective route to market for its partners and seeking to build its partner network and expand its retail offering; while bearing down on costs.

**Recommendation 20: VisitBritain and VisitEngland should develop long term strategies for commercial partnership working and funding.**

# Chapter 4: Efficiency

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## Context

- 4.1 If the conclusion from stage one of the Triennial Review process is that there is an ongoing need for the functions and form of the NDPB to continue, the Review is required to assess how the organisation operates in order to identify the scope for increasing efficiency and effectiveness. Following the conclusion of stage one, this chapter reviews VB and VE against a number of efficiency measures, including administrative costs, staffing, shared services, and the estate costs.
- 4.2 The proposed separation of VB and VE into two distinct executive NDPBs and the changes proposed to the functions of both organisations would create a new operating model for the delivery of tourism development and marketing services at England and Britain levels. The Review team recognised that moving to this new model would inevitably involve some uncertainty and upheaval for both organisations and their staff. To address this as far as possible, the Review team considered that VB and VE should draw up a transition plan in consultation with DCMS as quickly as possible. This plan should also identify where, when and how efficiency savings would be made.

**Recommendation 21: VisitBritain and VisitEngland should draw up a detailed transition and implementation plan in consultation with DCMS by April 2015, setting out how they will move to the new operating model and quantify additional efficiency savings.**

## Staffing

- 4.3 The staffing breakdown for VB and VE is set out below, showing figures for staff on payroll at 30 September 2014 for the current 2014/15 year and end-of-year figures for previous years.
- 4.4 Staff numbers for both organisations have increased compared with 2011/12 by 12 posts (6.35%) for VB and by 8 posts (15.1%) for VE. The largest increase (10 posts) has been in VB's Britain marketing function. The increases are mostly attributed by VB and VE to fixed term appointments funded by the GREAT and Regional Growth Fund programmes.
- 4.5 The average number of staff employed by VB and VE during 2013/14 was 251 (full time equivalents). This represented an increase of 18 on the figure for 2012/13 (which was 235) but was 17 below the number for 2011/12 (which was 268).
- 4.6 Staff numbers are continuing to rise. In the year to date 33 new staff have joined while 21 have left.

*VisitBritain*

Department/Function/Area	2014/15	2013/14	2012/13	2011/12
Britain Marketing	36	33	25	26
Strategy & Comms	17	16	13	12
Overseas Network (inc. UK-based staff)	86	84	85	85
Retail	17	16	16	13
CEO & Board	2	2	2	2
Shared Services	43	42	40	51
<b>TOTAL</b>	<b>201</b>	<b>193</b>	<b>181</b>	<b>189</b>

*VisitEngland*

Department/Function/Area	2014/15	2013/14	2012/13	2011/12
Marketing	31	33	36	29
Strategy & Development	19	18		
Enterprise	9	8		
CEO & Board	2	2	2	2
Business Development			7	10
Insights			8	8
Partnerships			6	4
<b>TOTAL</b>	<b>61</b>	<b>61</b>	<b>59</b>	<b>53</b>

**Notes:**

1. All figures are FTE.
2. 2014/15 headcount is as at 30 September 2014. For preceding years it is as at 31 March each year.
3. VisitEngland restructured during 2013 and reduced from 4 Directorates to 3.
4. Shared services covers legal, HR, finance, Secretariat, procurement, IT and facilities services for both VisitBritain and VisitEngland. See below for a breakdown.

4.7 The overall payroll costs reflect the upward trend in staffing numbers, rising from £11.145m in 2011/12 to a forecast £11.895m in 2014/15.

4.8 The changes to the functions of VB and VE which are recommended in this report will require changes to the staffing profile. The Review team expects them to result in reductions and cost savings in due course.



## Shared services

4.9 The breakdown of staffing for the shared services is set out below. Shared services staffing constitutes 16.4% of current posts in VB and VE, down from 21% at the end of 2011/12. The largest number of posts is in finance, followed by IT, although the number of IT posts fell by almost 50% in 2012/13.

Function	2014/15	2013/14	2012/13	2011/12
Legal	1	1	1	1
Payroll & Personnel	7	7	6	6
Finance	19	17	17	15
Director Business Services	1	1	1	2
Secretariat	1	1	1	1
Procurement	1	1	1	1
IT	11	12	11	21
Facilities	2	2	2	2
<b>TOTAL</b>	<b>43</b>	<b>42</b>	<b>40</b>	<b>51</b>

**Note:** 2014/15 headcount is as at 30 September 2014. For preceding years it is as at 31 March each year.

4.10 The total staff cost of shared services is estimated to be £2.147 million in 2014/15, down from £2.182 million in 2013/14. The reduction is mainly attributable to a fall in costs for IT staff.

4.11 VB and VE have completed a Cabinet Office efficiency benchmarking assessment for their shared services. This indicates that the costs of the shared services are broadly in line with those for similar-sized organisations. However, the Review team considered that there was scope for efficiency savings. Moreover, it was not clear that the current model of shared services provision would be appropriate or sustainable following the separation of VB and VE into two executive NDPBs and the changes to their functions.

4.12 VB and VE have already identified efficiency savings of £441,000 which can be made immediately in the shared services, mostly in IT support, staffing and HR. £17,000 of these savings can be realised in the remainder of 2014/15, with £424,000 being realised in 2015/16. These savings would help to offset the initial costs of separation. Further savings would require more work and might also require upfront investment and expenditure, for example to upgrade IT systems and operating procedures or to cover redundancy costs, with savings taking longer to realise. However, the separation of VB and VE and the changes proposed to their functions create an opportunity for a fundamental review of the shared services with a view to ensuring that they are fit for purpose and appropriate to the new arrangements.

- 4.13 The Review team concluded that VB and VE should commit to making the efficiency savings already identified by the end of 2015/16 and seek to identify further opportunities for savings in the short term. As part of the implementation plan for separating the two organisations, VB and VE should undertake a comprehensive review of the shared services and make recommendations to DCMS on alternative models and options for future delivery, including whether some or all of the services for either or both VB and VE could be provided jointly with other bodies in a wider shared services arrangement and/or outsourced to a third party provider, with a view to generating further efficiency savings.

**Recommendation 22: VisitBritain and VisitEngland should deliver a minimum of £441,000 in efficiency savings in their shared services by the end of 2015/16. These savings should off-set the £190,000 one-off costs of separating VisitBritain and VisitEngland and year 1 of the required annual £140,000 on-going costs of VisitEngland as a separate executive NDPB.**

**Recommendation 23: As part of the implementation plan, VisitBritain and VisitEngland should undertake a comprehensive review of their shared services and make recommendations to DCMS on alternative models and options for future delivery by December 2015.**

## Property and estate management

### *Head Office*

- 4.14 In 2013/14 VB and VE moved their joint Head Office from 1 Palace Street to Sanctuary Buildings, Great Smith Street, London. In doing so, they reduced their UK accommodation space by 30%. They now jointly occupy the 8th floor and part of the 6th floor of Sanctuary Buildings under a Memorandum of Terms of Occupation (MOTO) with the Department for Education (DfE) which runs until 29 September 2017, at a cost of £880/m<sup>2</sup> or £1,245,200 per annum. The offices are occupied by 181 on-payroll staff, equivalent to 177 FTEs. Despite the reduction in office space, Sanctuary Buildings has more facilities that use higher volumes of gas, electricity and water, although these costs are covered by the licence fee payable to DfE under the terms of the MOTO.
- 4.15 There does not appear to be any scope for re-negotiation of the current MOTO. However, a reduction in the number of staff in shared services and other Head Office-based functions as a result of the transition to the new operating model and efficiency savings should allow VB and VE to reduce the size, and therefore the cost, of their Head Office estate. As part of their transition planning, VB and VE should identify the future accommodation requirement for their joint Head Office with a view to either negotiating to occupy a reduced space in Sanctuary Buildings or seeking alternative smaller and lower-cost premises. Encouraging and facilitating flexible working should enable the accommodation requirement to be further reduced.

**Recommendation 24: VisitBritain and VisitEngland should, through the implementation plan, consider what their head office accommodation requirements will be when their current lease expires in September 2017, and aim to make appropriate savings.**

### *Overseas estate*

- 4.16 A breakdown of VB's and VE's overseas posts and accommodation is shown in the table on pages 60-61.
- 4.17 VB currently has 70 overseas posts in 23 cities in 19 countries; VE has 9 overseas posts in 5 cities. The largest overseas office is New York with 10 VB posts and 2 VE posts. By country, the largest number of posts is in the USA which has 12 VB posts and 2 VE posts in two cities, followed by China with a total of 11 VB posts in three cities.
- 4.18 The total forecast cost for overseas accommodation in 2014/15 is £639,291, consisting of £563,811 for VB and £75,480 for VE.
- 4.19 Most overseas posts are based in FCO premises under an MOU for 2014/15, which has been extended to 2015/16 and for which the FCO currently charges £9,000 per post per annum regardless of location. This amount covers all costs associated with the office accommodation. 55 VB overseas posts in 20 cities (16 countries) and 7 VE overseas posts in 4 cities (4 countries) are covered by this arrangement. In addition, VB rents office space from the British Council in Berlin and also has commercial leases on offices in Dubai and São Paulo. Each of these accommodates 5 posts. VE has a commercial lease on offices in Brussels accommodating 2 posts. Each of these arrangements costs less per post than the current arrangement with the FCO.
- 4.20 The Review team anticipates that the changes to the functions of VB and VE will allow for some reduction in the number of overseas posts for which accommodation is required, particularly since VE will no longer require its own overseas staff as it will no longer have an international marketing role, and should also create opportunities to review the locations and overall numbers of overseas posts.
- 4.21 The Review team was concerned at the cost of locating overseas posts in FCO premises. Savings could be made by moving staff out of FCO premises into rented and leased premises. This would lose the benefit of being co-located with FCO and Embassy staff with whom VB often work closely on events and campaigns, but might also open up new opportunities for co-location and closer working with the British Council, UKTI and other partners. If FCO seeks to increase its charges by a significant amount for 2016/17 onwards, which the Review team understands to be a possibility, then moving out of FCO premises may be unavoidable.

**Recommendation 25: VisitBritain should review the cost and benefits of co-location with FCO and investigate opportunities for co-location with other partners, with a view to re-locating staff in overseas posts from 2016/17 and making associated savings.**

## VISITBRITAIN AND VISITENGLAND – OVERSEAS POSTS AND ACCOMMODATION

Country	Locations	VB Posts	VE Posts	Total Posts	VB annual cost £	VE annual cost £	Total cost £	Basis of occupancy
Australia	Sydney	2		2	18,000	0	18,000	FCO
Belgium	Brussels	1		1	19,000	0	19,000	FCO
		0	2	2	0	12,480	12,480	Commercial lease on 3 months' notice
Brazil	São Paulo	5		5	21,603	0	21,603	Commercial lease to October 2015. 3 months' notice. Renewable for 3 years.
Canada	Toronto	2		2	18,000	0	18,000	FCO
China	Shanghai	5		5	45,000		45,000	FCO
	Beijing	3		3	27,000		27,000	FCO
	Hong Kong	3		3	27,000		27,000	FCO
Denmark	Copenhagen	1		1	9,000	0	9,000	FCO
France	Paris	2	2	4	18,000	18,000	36,000	FCO
Germany	Berlin	5		5	22,439	0	22,439	Rented from the British Council for an indefinite period. 3 months' notice.
		0	2	2	0	18,000	18,000	FCO
India	Mumbai	1		1	9,000	9,000	18,000	FCO
	Delhi	4	1	5	45,000	0	45,000	FCO
Italy	Milan	3		3	27,000	0	27,000	FCO

Country	Locations	VB Posts	VE Posts	Total Posts	VB annual cost £	VE annual cost £	Total cost £	Basis of occupancy
Japan	Tokyo	4		4	36,000	0	36,000	FCO
Netherlands	Amsterdam	2		2	18,000	0	18,000	FCO
Norway	Oslo	1		1	9,000	0	9,000	FCO
Poland	Warsaw	1		1	9,000	0	9,000	FCO
Russia	Moscow	3		3	27,000	0	27,000	FCO
Spain	Madrid	3		3	27,000	0	27,000	FCO
Sweden	Stockholm	2		2	18,000	0	18,000	FCO
U.A.E.	Dubai	5		5	15,769	0	15,769	Commercial lease ending February 2015 and due to be renewed.
USA	New York	10	2	12	90,000	18,000	108,000	FCO
	Los Angeles	2		2	18,000	0	18,000	FCO
<b>Total</b>		<b>70</b>	<b>9</b>	<b>79</b>	<b>563,811</b>	<b>75,480</b>	<b>639,291</b>	

### *Other property*

- 4.22 VB and VE, as the BTA, sub-let a property in Grosvenor Gardens, London, at nil cost to the BTA. The ETB took a lease on this property for office usage on 6 September 1971 and in 1986 it underlet the property to TPS Group, now Weber Shandwick International Ltd. This underlease is coterminous with the ETB lease and ends in 2024. Since 1986, Weber Shandwick has been responsible for the rent, maintenance and all other costs and expenses associated with the property. In 2003 the ETB lease transferred to the BTA. Despite repeated attempts by the ETB and the BTA to assign the lease to Weber Shandwick, most recently in 2012, the Superior Landlord (Birchlea Limited) has refused to consent to the assignment. Unless such consent is granted, BTA must continue to hold the lease for this property until it expires in 2024.
- 4.23 The Review team noted that this lease was at nil cost to VB and VE, but considered that it should be assigned to Weber Shandwick, if possible and so that VB and VE were released from all liabilities. A further attempt should be made to negotiate this with the Superior Landlord with support and assistance from DCMS and drawing on advice from Cabinet Office if required.

**Recommendation 26: VisitBritain and VisitEngland should make a further attempt to negotiate the re-assignment of the lease on the Grosvenor Gardens property to Weber Shandwick, in a way which releases them from all liabilities, with support from DCMS and Cabinet Office, by March 2016.**

### **Areas subject to spending controls**

- 4.24 Given the nature of their activities, most expenditure by VB and VE is in areas subject to Cabinet Office spending controls. Both VB and VE have exemptions granted by the Efficiency and Reform Group (ERG) for their 4 year marketing plans from 2011/12. For VB this covers planned expenditure of £100m (£50m from GIA and £50m in match-funding from private sector partners). For VE it covers planned expenditure of £16m (£8m from GIA and £8m in match-funding from private sector partners).
- 4.25 In addition, VE has ERG approval for £6.74m of Regional Growth Fund expenditure in 2014/15. VB has CCS/OCTO approval for its digital programme covering costs of up to £1.8m up to March 2017.
- 4.26 No other expenditure is currently planned in areas subject to Cabinet Office spending controls. However, the Review team noted that the new operating model would involve changes to existing plans which might require Cabinet Office approval.

### **Fraud, error and debt**

- 4.27 The amounts lost by VB and VE to fraud, error and debt are set out below.

	2013/14	2012/13	2011/12
<b>Bad Debt Write-Off</b>	£23,259.12	£108,356.12	£29,736.60
<b>Fraud loss</b>	£0	£0	£17,682.00
<b>Error</b>	£0	£0	£0
<b>Total</b>	£23,259.12	£108,356.12	£47,418.60

4.28 The bad debt write-offs arose due to customer business failures. Against an average £18m per annum of sales invoiced and collected, they amounted to less than 0.3% of the total sales value. The fraud loss in 2011/12 related to staff expenses. The Review team was informed that it is being repayed in full over 5 years by the person concerned.

## Communications

4.29 Both VB and VE have recently reviewed their digital strategies. However, the Review team considered that there may be scope for further improvement in digital communications.

4.30 The Review team discussed communications strategies with the Cabinet Office Communications Capability Review team and asked them to carry out a light-touch communications capability review, as part of the implementation of the Triennial Review and utilising the expertise of members of the Triennial Review Challenge Group, to test whether VB's and VE's communications are fit for the new and revised roles recommended in this Review. They agreed to do so.

**Recommendation 27:** VisitBritain and VisitEngland should undergo a light-touch communications capability review as part of the implementation of the Triennial Review, carried out by the Cabinet Office Communications Capability Review team and utilising the expertise of the Triennial Review Challenge Group. This should consider the scope to deliver efficiencies through an enhanced digital presence.





# Chapter 5: Corporate Governance

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## Introduction

- 5.2 Good corporate governance is central to the effective operation of all public bodies. VB and VE were asked to complete a self-assessment against the Principles of Good Corporate Governance as set out in the Cabinet Office Supplementary Guidance on Reviews of Non-Departmental Public Bodies<sup>44</sup>. They were asked to identify any areas of non-compliance with the principles and explain why an alternative approach has been adopted and how this approach contributes to good corporate governance – this is known as the “comply or explain” approach, the standard approach to corporate governance in the UK. VB and VE provided further information to the Review team to clarify and supplement the information in the self-assessment and provide further explanation of their governance and accountability arrangements.
- 5.3 The full self-assessment is at [Annex H](#).
- 5.4 The self-assessment has been completed by the BTA, which trades as VB and VE. The ETB is formally an advisory NDPB at present, and therefore not required to comply with all the principles and provisions for executive NDPBs. However, given its relationship with the VE executive team, which is analogous to that of an executive NDPB, it has been included in the assessment against the principles for executive NDPBs.
- 5.5 There are five broad areas of good corporate governance, each of which covers a number of principles with supporting provisions. There is a certain amount of overlap between areas, principles and provisions. The five areas are: accountability, roles and responsibilities, effective financial management, communications, conduct and behaviour.
- 5.6 The self-assessment indicates that VB and VE are largely compliant with the principles of good corporate governance, with only a handful of points of non-compliance or partial compliance. Explanations for these points are included in the self-assessment. The Review team considered that the self-assessment presents an accurate picture of VB’s and VE’s current corporate governance arrangements.

## Changes to corporate governance arrangements

- 5.7 The proposals for changes to the form and functions of VB and VE, which are set out in [Chapter 3](#) of this report, including full separation of the two organisations, will require some changes to the corporate governance arrangements. In particular:

<sup>44</sup> See sections 5 and 6 of the Supplementary Guidance:  
<https://www.gov.uk/government/publications/triennial-reviews-guidance-and-schedule>

- VE will be re-classified as an executive NDPB;
- VE's Chief Executive will be appointed as its Accounting Officer, reporting directly to DCMS on VE's performance;
- VB and VE will have separate Management Agreements with DCMS;
- VE will set up its own Audit and Remuneration Committees;
- accountability for shared services will – in the short term at least – be shared between VB and VE.

### *Relationship with DCMS*

- 5.8 VB and VE will continue to be NDPBs sponsored by DCMS and the DCMS Permanent Secretary, as the Department's Accounting Officer, will continue to have overall accountability for their performance. The Chief Executives of VB and VE, as the Accounting Officers for the two organisations, will be accountable to the DCMS Accounting Officer.
- 5.9 VB and VE will each have its own Management Agreement with DCMS. These documents will govern the relationship between DCMS and VB and VE and set out the Department's priorities for each organisation and their KPIs, as well as specific requirements relating to their management, governance and reporting procedures. Given the changes proposed for both organisations, the Review team considered that DCMS should issue the Management Agreements in draft as soon as possible for consultation and to inform the transition process.

**Recommendation 28: DCMS should issue revised Management Agreements for VisitBritain and VisitEngland reflecting their short and medium term objectives at the start of the 2015/16 financial year.**

- 5.10 The Review team noted that while officials from the DCMS Tourism policy team meet VB and VE officials and the Chairs regularly, they do not attend board meetings in any capacity, although they do receive board papers ahead of board meetings. This created a risk that DCMS might not be able to intervene at an early stage in emerging issues or problems when necessary. The Review team recognised that it would not always be possible for a DCMS official to attend board meetings or for all board papers always to be issued well in advance of a board meeting, and that there were risks (for example, an assumption or expectation that DCMS would be aware of issues). Nevertheless, the Review team considered that it would be helpful, particularly during the transition to and early stages of the new operating model for the DCMS Head of Tourism to be able to attend and participate in VB and VE board meetings as an observer and for the DCMS policy team to continue to receive board papers in advance of board meetings.

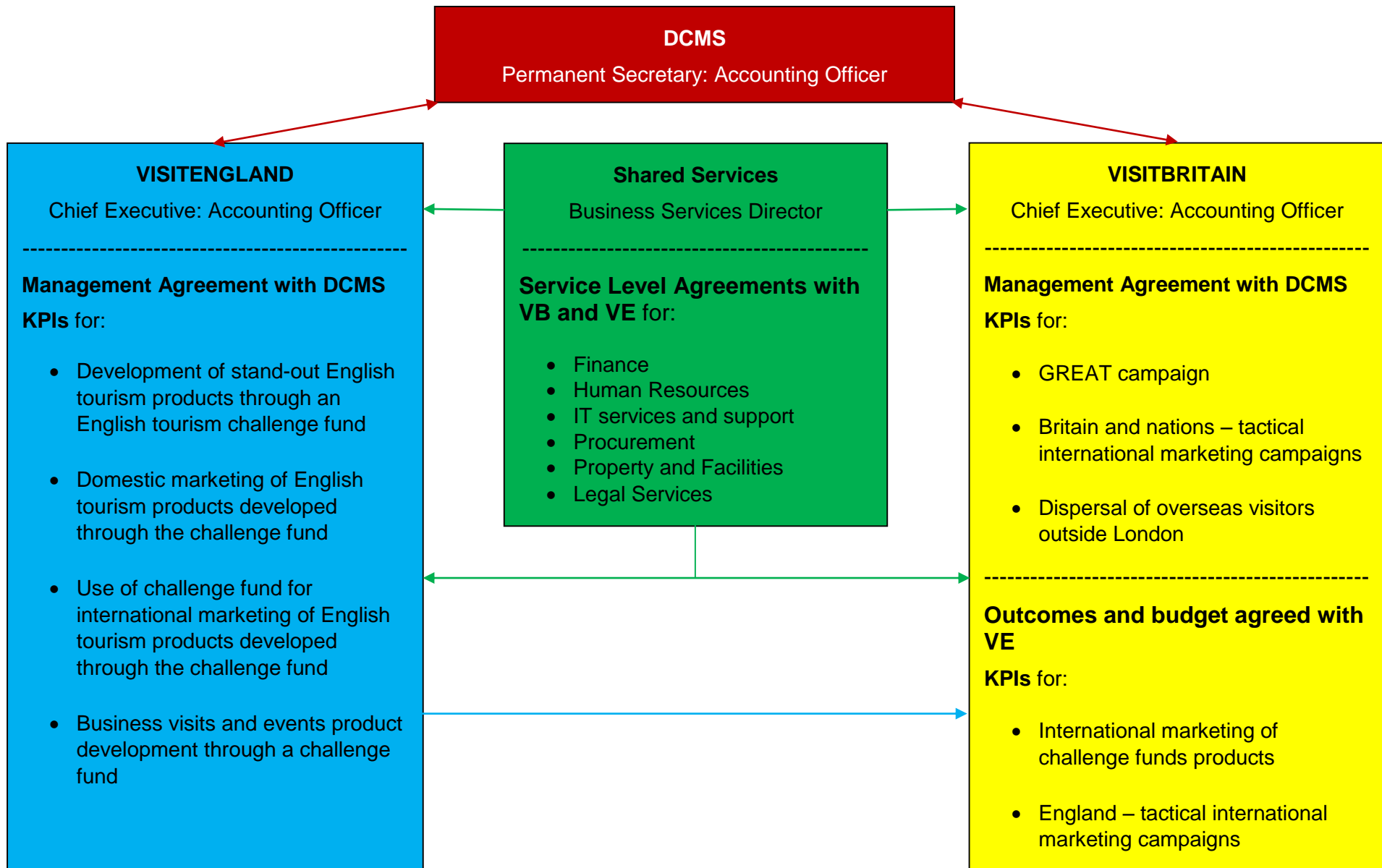
**Recommendation 29: The DCMS Head of Tourism should be invited to attend and participate in VisitBritain and VisitEngland board meetings as an observer.**

### *Shared services*

- 5.11 As noted above in paragraph 4.13, VB and VE will undertake a comprehensive review of their shared services as part of the implementation plan for this Review, with a view to identifying alternative models for delivery which will meet their future needs and deliver efficiency savings. In the interim, however, the current shared services team will need to provide services to two separate executive NDPBs.
- 5.12 The Review team envisaged that, during this interim period, the shared services team would have service level agreements (SLAs) with VB and VE setting out the nature and standard of services provided to each organisation, and the Business Services Director would be accountable to the Chief Executives of VB and VE for the delivery of the services as specified in the SLAs. A further agreement between VB and VE would set out each organisation's responsibilities in relation to the management and funding of the shared services.

### *Key Performance Indicators (KPIs)*

- 5.13 DCMS will set KPIs for VB and VE. In the case of VB, the KPIs will relate to the GREAT campaign and other tactical international marketing of Britain, including for business visits and events, and the requirement to promote tourism by overseas visitors to the nations and regions outside London. They will be set following consultation with VisitEngland, VisitScotland and Visit Wales. For VE, the KPIs will relate to the management and use of the challenge funds for the development and marketing (both domestic and international) of leisure tourism and business products, any other domestic marketing of England and use of its marketing budget for any other tactical international marketing for England.
- 5.14 In addition, VE will agree with VB the KPIs for the international marketing of products developed through the challenge funds and for any other tactical international marketing for England. However, VE remains accountable to DCMS for the effective and proper use of funding which has been channelled through VE.
- 5.15 The diagram on the following page shows the new reporting and accountability relationships envisaged by the Review team.



## **Current corporate governance arrangements**

### *Accountability*

- 5.16 This section covers statutory accountability and accountability for public money. It requires NDPBs to comply with all statutory and other requirements and to have appropriate arrangements in place to ensure proper accountability to Ministers and to Parliament for their use of public money.
- 5.17 VB and VE are required to comply with all the applicable statutory and administrative requirements, including those set out in the Management Agreement, as well as legislation on freedom of information and data protection. They are not subject to the Public Records Act. However, they have an internal Data Retention Policy which sets out the periods for which documents must be retained when time limits are set out in legislation and retention periods for related records which are not covered by statutory requirements. Board papers and minutes and the Annual Reports and Accounts are archived together with other records of importance relating to Government and other reviews, major campaigns and other key activities. Core research materials on the volume and value of tourism are also preserved.
- 5.18 The Chief Executive of VB has been designated as the Accounting Officer for VB and VE, and both organisations are required to comply with the requirements set out in the HMT publication “Managing Public Money”. In particular, they have a comprehensive Financial Policies and Procedures Manual and Procurement Toolkit which all staff are required to comply with. The Manual and Toolkit are supported by in-house training to ensure that public money is used properly, efficiently and effectively and delivers value for money. The Comptroller and Auditor General is the external auditor for VB and VE.
- 5.19 The joint VB and VE annual report and accounts are laid in Parliament and published on the VB website. VB complies with the timetable laid down by DCMS for drafting, clearing and publishing the annual report and accounts. The annual report and accounts for 2013/14 were laid in Parliament and published on 16 July 2014.
- 5.20 The Minister for Sport and Tourism meets the Chairmen and Chief Executives of VB and VE at least quarterly.

### *Roles and Responsibilities*

- 5.21 This section covers the roles of the board as a whole and of the non-executive board members. It requires boards to comprise suitably qualified and independent people, to provide strategic leadership, direction, and independent and constructive challenge, to maintain a clear division of roles and responsibilities between non-executive members and executive staff and to put in place policies and procedures to ensure that they can discharge their responsibilities effectively, particularly as regards financial management and accountability.
- 5.22 The size of the boards of VB and VE is set out in the Development of Tourism Act 1969.
- 5.23 The VB board is comprised of the Chairman (currently Christopher Rodrigues CBE, appointed in January 2007 and re-appointed in January 2011 and January 2015) and six other board members. The Chairman and five of the board members are appointed by

the Secretary of State for Culture, Media and Sport. The sixth member is appointed by the Welsh Government. In addition, the Chairmen of VisitEngland and VisitScotland sit on the board in an ex-officio capacity. There are no executive board members.

- 5.24 The VE board is comprised of the Chairman (currently Penelope, Viscountess Cobham CBE, appointed in April 2009 and re-appointed in April 2013) and six other members, all of whom are appointed by the Secretary of State for Culture, Media and Sport. The Chief Executive of VB also attends the board in an ex-officio capacity.
- 5.25 In appointing the Chairmen and board members of VB and VE, the Secretary of State and DCMS comply with the Code of Practice issued by the Commissioner for Public Appointments. The duties, roles and responsibilities, terms of office and remuneration of the Chairmen and board members appointed by the Secretary of State are set out in a Statement of the Terms and Conditions of Appointment which is sent by DCMS to each person on their appointment to the board.
- 5.26 Both boards meet at least 6 times a year and the minutes of board meetings are published on the VB and VE websites. Both organisations maintain registers of board members' interests, although the Review team noted that it was not clear from the VE website how members of the public could request a copy of the VE register (see below).
- 5.27 The Review team noted that at present only one of the VB board members is female (the Chair of VE who attends in an ex-officio capacity); whereas almost half of the VE board members are female. Neither board currently meets the Government's aim of achieving pro-rata representation of ethnic minority groups and increased participation of disabled people (although this does not form part of the Principles of Good Corporate Governance). The Review team noted that there were currently vacancies on both boards, and considered that DCMS, VB and VE should seek to improve the diversity of both boards through future appointments.

**Recommendation 30: DCMS, VisitBritain and VisitEngland should seek to improve female representation on the VisitBritain board and ensure representation of ethnic minorities and disabled people on the VisitBritain and VisitEngland boards.**

### *Effective Financial Management*

- 5.28 This section requires NDPBs to have in place effective systems of financial management and internal control.
- 5.29 As noted above, VB and VE jointly publish an annual report and accounts which complies with Government guidance and requirements.
- 5.30 The internal auditors are PwC, who work in accordance with Government Internal Audit Standards. The annual work programme is agreed with PwC by the Audit Committee and all audit reports are considered by the executive team and the Audit Committee which presents an annual report to the VB board. External audit is carried out by the National Audit Office for the Comptroller and Auditor General.

- 5.31 VB and VE have a range of internal policies and frameworks with which staff are required to comply. These include a Risk Management Policy and corporate risk register, Financial Policies and Procedures Manual, expenses policy, fraud and bribery policies and a whistleblowing policy. Further to a recent NAO report on procurement, VB and VE are strengthening their internal policies in this area.
- 5.32 Audit and Remuneration Committees covering both VB and VE have been established. The Audit Committee is responsible for issues of risk, control, governance and associated assurance. It has four members including one external member. The Remuneration Committee is responsible for issues relating to staff remuneration and bonuses. It has four members. Both committees report to the VB board. Following separation, VE will have its own Audit and Remuneration Committees reporting to the VE board.

### *Communications*

- 5.33 This section is about how open, transparent, accountable and responsive an NDPB is in its dealings with stakeholders and the general public. It also covers marketing and PR policies. Communications and marketing are key functions for both VB and VE, and feedback from stakeholders indicated that, on the whole, they are carried out effectively, particularly in relation to marketing.
- 5.34 Both VB and VE have regular contact with a wide range of partners and stakeholders, including through meetings, events and forums, newsletters and online updates. Their corporate websites carry a considerable amount of information about their roles, responsibilities and activities. Information about tourism products aimed at consumers is carried on their consumer sites and VB operate an online retail shop to sell selected tourism products to consumers. Other than this, VB's and VE's work does not generally bring them into contact with the general public, and they do not hold open board meetings or annual open meetings and do not have a formal system for monitoring and reporting on their performance in handling correspondence. Complaints about their correspondence handling are managed through the formal complaints procedure. However, most complaints received by VB and VE relate to tourism products rather than to the organisations themselves.
- 5.35 The Review team noted that VE's corporate website currently does not appear to host the full range of corporate information which is expected and required for an NDPB. This appears to be because it is currently covered by information on VB's website, although there do not appear to be any cross-references or links to point the reader in the right direction or an explanation of the relationship between VE and VB. The key omissions are the annual report and accounts, information on the Audit and Remuneration Committees, how to request a copy of the register of board members' interests and how to make a complaint. The Review team considered that VE should review the information carried on its corporate website to ensure that it is fully compliant with all the requirements before it becomes an executive NDPB.
- 5.36 The nature of VB's and VE's work necessarily involves a considerable amount of marketing and PR activity. All such activity is covered by exemptions issued by the Cabinet Office Efficiency and Reform Group under current Government conventions and

is carried out in accordance with those conventions. They do not use marketing or PR consultants.

**Recommendation 31: VisitEngland should ensure that its corporate website carries all the information required for an executive NDPB ahead of an agreed re-classification.**

### *Conduct and Behaviour*

- 5.37 This section covers the requirement for a Code of Conduct and the need for board members and staff to observe the highest personal and professional standards and to promote good governance.
- 5.38 VB and VE have adopted a Code of Conduct for board members, which forms part of the terms and conditions of appointment, and a Code of Conduct for staff, compliance with which is a requirement in the contract of employment and which is reinforced by VB's and VE's core competencies for staff. Both Codes are based on the Cabinet Office model Codes. VB and VE maintain Registers of Interests and procedures are in place to manage conflicts of interest.
- 5.39 There are no rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement from VB and VE. VB and VE consider that such rules would be counter-productive and could deter the highest calibre candidates from seeking employment with or board membership of VB and VE. They note that the movement between the tourist boards and other public and private sector organisations involved in tourism is generally considered to be beneficial.



# Annex A: Written Ministerial Statement

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## VisitBritain and VisitEngland (Triennial Review)

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mrs Helen Grant):** I am today announcing the start of the triennial review of VisitBritain and VisitEngland (British Tourist Authority). Triennial reviews are part of the Government's commitment to ensuring that non-departmental public bodies (NDPBs) continue to have regular independent challenge.

The review will examine whether there is a continuing need for VisitBritain and VisitEngland's functions and their form and whether they should continue to exist at arm's length from Government. Should the review conclude there is a continuing need for the bodies, it will go on to examine whether their control and governance arrangements continue to meet the recognised principles of good corporate governance. The findings at both stages of the review will be examined by a challenge group.

Further details of the review, including how to submit evidence to it, can be found on the DCMS website at: <https://www.gov.uk/government/organisations/department-for-culture-media-sport>

I will inform the House of the outcome of the review when it is completed and copies of the report of the review will be placed in the Libraries of both Houses.



# Annex B: Challenge Group and Review Team

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## **CHALLENGE GROUP**

### **Membership:**

- Janet Baker, Commercial Directorate, Cabinet Office
- Fiona Gornall, Independent Communications Consultant
- Tracy Long, Chief Executive of Boardroom Review Ltd. and Non-Executive Director, Department for Culture, Media and Sport
- Nicky Roche, former Chief Executive, TdF Hub Ltd.
- Chris Sharrock, Deputy Director, Debt and Reserves Management, HM Treasury
- Sue Wilkinson, Director of Supporter Development, National Trust
- John Worne, Director of Strategy, British Council

### **Role:**

The Review team sought comments from the members of the Challenge Group on the proposed scope and approach of the Review. The Challenge Group provided comments on the Terms of Reference.

The Challenge Group met on 29 October 2014 to review and comment on the Review's emerging findings and conclusions. The group also reviewed the stakeholder engagement which had taken place up to that point, and suggested areas for further investigation and consideration by the Review team.

The Challenge Group met again on 3 December 2014 to consider the emerging recommendations. The draft report, including the final draft recommendations, was subsequently circulated to members who confirmed that they were content.

## **REVIEW TEAM**

The Lead Reviewer was Mark Fisher, Director of Social Justice at the Department for Work and Pensions at the start of the review and subsequently Director of Government Innovation Group and Office for Civil Society at the Cabinet Office. The Lead Reviewer was supported by a Review Team of officials from DCMS and Cabinet Office. Officials from the DCMS Evidence and Analysis Unit, Legal, Finance, Arm's Length Bodies, Tourism Policy and VB/VE Sponsorship teams also contributed to the review. The Review team would like to record their thanks to all those who contributed, and to VB and VE for their prompt and helpful support during the review and the drafting of this report.



# Annex C: Terms of Reference

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## VISITBRITAIN / VISITENGLAND TRIENNIAL REVIEW TERMS OF REFERENCE

### Objective

All public bodies are required to be reviewed every three years. In accordance with Cabinet Office guidelines<sup>45</sup>, the joint VisitBritain/VisitEngland review will have two principal aims, represented by two stages:

- i. STAGE 1: To provide a robust challenge for the continuing need for the functions performed by both VE and VB, and, if there is, whether some or all of these functions should be delivered by alternative delivery models or continued delivery by a Non-Departmental Public Body (NDPB). Stage 1 will also include an examination of their respective remits (Britain and England) and where appropriate their commercial strategy.
- ii. STAGE 2: If it is agreed that the functions of each should continue to be delivered by NDPBs, to review the organisational control and governance arrangements in place to ensure that they are compliant with the recognised principles of good corporate governance and delivering good value for money.

The structure, **specifically whether there should be one or two separate organisations to deliver the functions**, where there are overlaps in those functions, as well as the efficiency, and effectiveness of each will be considered as part of both stages, including an appraisal of the scope for further commercial activity.

### Scope

Within this context, the review will consider:

- Whether delivery of the functions continue to contribute to wider Government policy (including economic growth);
- Whether providing the functions is a justifiable use of grant-in-aid and GREAT funding, and whether they provide value for money;
- The demand for the functions and services, in the light of the changing local tourism delivery chain and developing local economic growth structures in England
- The growth opportunities presented by domestic and mature international markets as well as emerging international growth markets.
- The extent and effectiveness of the engagement with all related tourism and non-tourism bodies and whether this is appropriate;
- Whether commercial opportunities are being maximised

<sup>45</sup> <https://www.gov.uk/public-bodies-reform>

- Whether the governance and management arrangements are sufficiently robust and transparent; and
- The 'counterfactual' – that is, the cost and effects of not delivering the functions.
- Efficiency with which both organisations operate and extent to which further back office administrative cost reductions are possible
- The accountability, governance and sponsorship arrangements as appropriate following recommendations at Stage1

### **Departmental Governance Arrangements**

The Minister for Sport and Tourism will have oversight of the Review. Both Cabinet Office and DCMS Ministers will be asked to agree the report and recommendations for VisitEngland and for VisitBritain before publication. A review team has been set up that is independent of both VB and VE.

Members of the Cabinet Office will be able to offer advice on commercial/marketing models and ALB governance issues on a consultative basis. A Challenge Group has been established to work alongside the review team and to provide challenge to the methodology and conclusions of the review.

The review team will engage with a range of stakeholders, where appropriate, individual interviews. The review will start in July 2014 and is expected to publish its recommendations in late 2014.

# Annex D: The Development of Tourism Act 1969 (Extracts)

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## 2 General functions and powers<sup>46</sup>.

- (1) It shall be the function of the British Tourist Authority—
- (a) to encourage people to visit Great Britain and people living in Great Britain to take their holidays there; and
  - (b) to encourage the provision and improvement of tourist amenities and facilities in Great Britain.

and the English Tourist Board, the Scottish Tourist Board and the Wales Tourist Board shall have the like functions as respects England, Scotland and Wales respectively.

- (2) In addition to the specific powers conferred on it by or under the subsequent provisions of this Act but subject to subsections (3) and (4) of this section, each Tourist Board shall have power to do anything for the purpose of discharging the functions conferred on it by this section or which is incidental or conducive to the discharge of those functions and in particular (but without prejudice to the generality of the foregoing provisions) for that purpose—
- (a) to promote or undertake publicity in any form;
  - (b) to provide advisory and information services;
  - (c) to promote or undertake research;
  - (d) to establish committees to advise them in the performance of their functions;
  - (e) to contribute to or reimburse expenditure incurred by any other person or organisation in carrying on any activity which the Board has power to carry on under paragraph (a), (b) or (c) of this subsection.
- (3) Only the British Tourist Authority shall have power by virtue of subsection (2) of this section to carry on any activities outside the United Kingdom for the purpose of encouraging people to visit Great Britain or any part of it but this subsection shall

<sup>46</sup> See <http://www.legislation.gov.uk/ukpga/1969/51> for the full Act.

not prevent the other Tourist Boards engaging in such activities on behalf of the Authority.

- (4) None of the Tourist Boards shall have power, except as provided by sections 3 and 4 of this Act, to give financial assistance for the carrying out of, or itself to carry out, any project for providing or improving tourist amenities and facilities in Great Britain.
- (5) In discharging their functions under this section the English Tourist Board, the Scottish Tourist Board and the Wales Tourist Board shall have regard to the desirability of fostering and, in appropriate cases, co-operating with organisations discharging functions corresponding to those of the Boards in relation to particular areas within the countries for which the Boards are respectively responsible; and, without prejudice to the foregoing provisions of this section, each of those Boards shall have power to provide such organisations with financial or other assistance.
- (6) In discharging its functions under this section each Tourist Board shall have regard to the desirability of undertaking appropriate consultation with the other Tourist Boards and with persons and organisations, including those mentioned in the last foregoing subsection, who have knowledge of, or are interested in, any matters affecting the discharge of those functions.
- (7) A Tourist Board may charge for its services and receive contributions towards its expenses in carrying out any of its functions.
- (8) A Tourist Board shall not borrow money except with the consent of the relevant Minister and the Treasury.
- (9) In this Part of this Act “tourist amenities and facilities” means, in relation to any country, amenities and facilities for visitors to that country and for other people travelling within it on business or pleasure.

## **5 Miscellaneous duties and powers.**

- (1) It shall be the duty of the British Tourist Authority to advise any Minister or public body on such matters relating to tourism in Great Britain as a whole as the Minister or body may refer to it or as the Authority may think fit; and the English Tourist Board, the Scottish Tourist Board and the Wales Tourist Board shall have the like duty as respects matters relating to tourism in England, Scotland and Wales respectively.



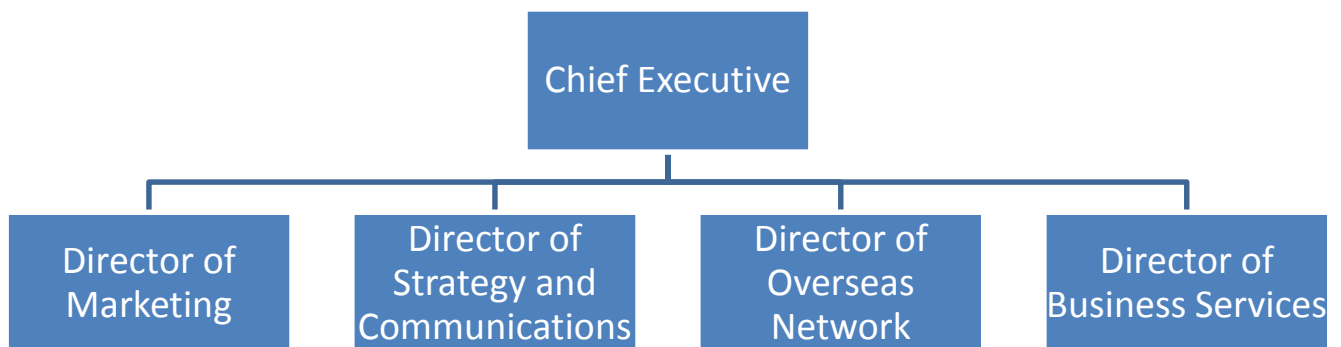
- (2) In the last foregoing subsection “public body” includes any local authority or statutory undertaker, and any trustees, commissioners, board or other persons, who, as a public body and not for their own profit, act under any enactment for the improvement of any place or the production or supply of any commodity or service.
- (3) The British Tourist Authority shall have power to carry on, at the request of any corresponding body established under the law of Northern Ireland, any of the Channel Islands or the Isle of Man and on such terms as may be agreed upon between the Authority and that body, activities outside the United Kingdom and those Islands for encouraging people to visit Northern Ireland or those Islands.



# Annex E: VB and VE Organisation

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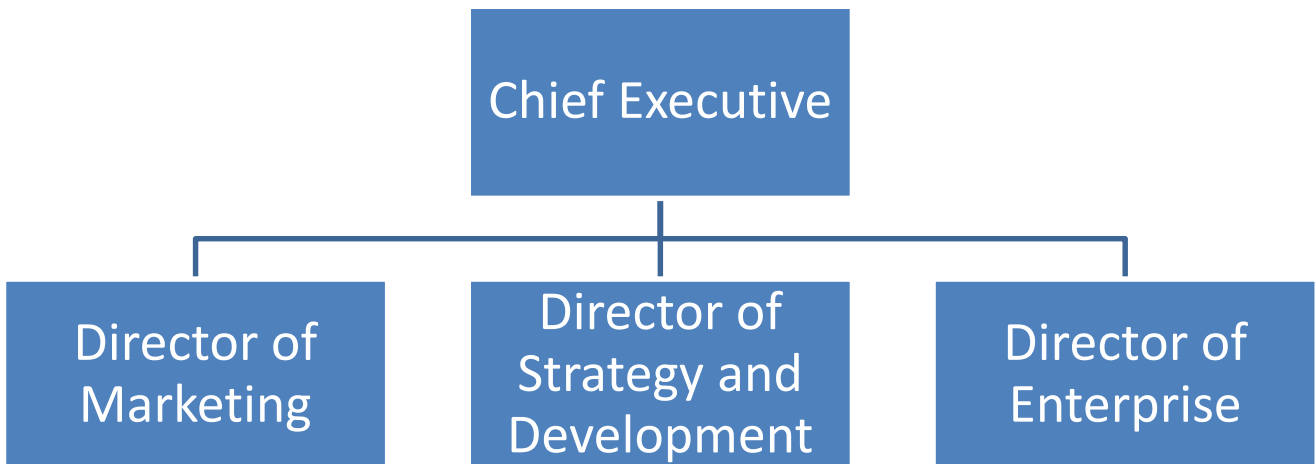
## VISITBRITAIN EXECUTIVE



## VISITBRITAIN BOARD

Christopher Rodrigues CBE (Chair)  
Dan Clayton Jones OBE (Welsh Government appointee)  
John Lindquist  
Ian McCaig  
Steve Ridgway CBE  
Penelope, Viscountess Cobham CBE (VisitEngland)  
Mike Cantlay OBE (VisitScotland)  
+ 2 vacancies

(as at 25 February 2015)

**VISITENGLAND EXECUTIVE****VISITENGLAND BOARD**

Penelope, Viscountess Cobham CBE (Chair)

Sarah Dunning OBE

Nigel Halkes

John Hoy

Sarah Stewart

Denis Wormwell

+ 1 vacancy

(as at 25 February 2015)

# Annex F: VB and VE core functions

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## **VISITBRITAIN**

### **1. International consumer marketing**

- Manage and deliver marketing and PR campaigns in key and emerging markets;
- Deliver the international tourism strand of the GREAT campaign, including consumer marketing of the Britain brand;
- Build engagement with consumers to build the aspiration to visit Britain and influence decision-making, in particular through digital and social media.

### **2. International trade engagement and export support**

- Maintain a contact network of industry leaders to ensure that Britain's tourism product is packaged and sold in international markets;
- Provide a route to market and business tools for British businesses to export to key growth markets in a B2B and B2C context, through trade missions, familiarisation trips and events for British businesses and international buyers, and online tools, including delivery of the travel agent training programme.

### **3. Building market and customer knowledge**

- Develop market and consumer insights and insights into local cultures, drivers for tourism and the competitive environment in key overseas markets to facilitate understanding of the best prospects, demographics and interests;
- Build knowledge of Britain among key influencers in overseas markets, including management of a visiting journalists programme for over 1,000 overseas journalists;
- Maintain a network of international media and bloggers to build awareness and knowledge of the UK through positive coverage;
- Maintain a dedicated online platform for positive news stories about Britain and the UK tourist industry as a resource for overseas journalists.

#### **4. Providing leadership and advice on inbound tourism**

- Manage a programme of research projects on all aspects of inbound tourism and provide reliable insights, statistics, research, analysis and evaluation to inform Government, stakeholders and the tourism industry and to make overseas marketing of Britain and British tourism more effective;
- Provide advice to Government, industry and stakeholders on Britain's tourism competitiveness and the impacts of policies and marketing;
- Management of the tourism industry emergency response group (TIER);
- Ensure that VB activity is visible and accessible to the wider tourism industry.

#### **5. Commercial activity and partnerships**

- Attract private sector investment and funding from both British and overseas companies for campaigns;
- Develop and implement commercial strategies and programmes, including development of the VB shop, to raise further funding for re-investment in marketing campaigns and other core activities;
- Work closely with FCO, UKTI and British Council as key partners to ensure the biggest impact for Britain's promotion overseas;
- Work with UK missions and Government agencies on territory to ensure a joined-up and consistent approach to increasing Britain's tourism exports.

## **VISITENGLAND**

### **1. Strategic development and implementation**

- developing and managing strategic partnerships with key organisations to align activity and funding in order to promote growth and efficiency;
- leading the implementation of the Strategic Framework for Tourism in England, delivering the actions for which VE is responsible and supporting partners and stakeholders to deliver the actions for which they are responsible;
- leading, managing and co-ordinating the network of 200 destination organisations in England, building capacity in destinations, providing tailored support and expertise and acting as destination organisation of last resort where necessary;
- managing the Regional Growth Fund programme for tourism effectively to achieve agreed spending targets and outcomes;
- increasing the understanding of the value of tourism amongst key influencers and decision makers including politicians, tourism and non-tourism organisations, media and other opinion formers.

### **2. Marketing the English tourism offer**

- developing and implementing a national brand and marketing approach for England;
- promoting holidays in England in domestic and international markets directly via relevant media channels and through partnerships with destination organisations and over 250 commercial and non-tourism marketing partners;
- encouraging travel agents and tour operators to sell English tourism products through partnership and development activities with the travel trade, including delivery of the England travel agent training programme and a suite of travel trade tools;
- promoting business tourism in England through a range of delivery platforms, including international sales events, trade shows, client visits, digital and other media;
- delivering the Holidays at Home are GREAT strand of the GREAT campaign in partnership with the home nation tourist boards;

- providing innovative digital solutions to reduce duplication of effort and provide cost effective solutions to tourism partners.

### **3. Research, advice and expertise on tourism in England**

- managing a programme of research projects covering the size and value of the tourism market, the performance of the tourism industry and consumer behaviour and attitudes;
- providing the primary source of information, advice and expertise on English tourism and the visitor economy for partners and stakeholders including Government and other public bodies;
- identifying issues and opportunities to allow local areas and the industry to react to circumstances and increase competitiveness.

### **4. Enterprise, industry development and engagement**

- leading and supporting the development of the tourism industry to drive up standards and improve efficiency, competitiveness and delivery;
- promoting best practice, innovation and development of new products and services to meet consumer needs, requirements and expectations;
- provision of business advice and support through a range of direct and online services;
- managing accreditation and assessment schemes for accommodation quality, visitor attractions quality, accessibility of accommodation, and sustainable tourism.



# Annex G: Summary of stakeholder views

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1. The Review team received 47 written submissions in response to the call for evidence published on the website, 44 on behalf of organisations and 3 from individuals.
2. The Review team held two round tables with stakeholders: on domestic tourism with 15 participants, and on international tourism with 14 participants; and also held individual meetings and conference calls with a number of key stakeholders.
3. A wide range of stakeholders from the public, private and third sectors provided views and evidence in writing and in the roundtables, meetings and conference calls. These include: representative organisations, such as the British Hospitality Association, the Tourism Society, the Tourism Alliance, UK Inbound and the Local Government Association; private sector companies, particularly from the travel and accommodation sectors; local organisations involved in the tourism sector, including destination organisations, local authorities, Local Enterprise Partnerships (LEPs) and local marketing organisations; the national tourist boards in Scotland and Wales; and other Government Departments. The Review team would like to thank all those who provided views and evidence in writing and in meetings and telephone calls.

## Overall views

4. Stakeholders overwhelmingly supported continued Government intervention in tourism. None suggested that there should be no role at all for Government or Government-funded bodies or that the sector does not need Government funding and support to help it to develop its products and services and market them effectively to potential visitors both domestically and abroad. Although some stakeholders saw more value in VB than VE, at least in terms of current roles and functions – and several stakeholders in international tourism were not aware of the existence of VE – there were few calls for either body to be wound up and none at all for both to be abolished. Some stakeholders expressed concern that abolition of VB and VE would lead to a decline in tourism in Britain, resulting in loss of employment, revenues, investment and international prestige, and that it would make the UK less attractive to international tourism operators and businesses.
5. Stakeholders were also generally positive about the role, functions and performance of VB and VE, particularly given the limited resources available to them. However, the written submissions, round tables and discussions with stakeholders identified a number of issues of concern and areas where stakeholders considered there was scope for improvement, as described below.

## Marketing

6. Stakeholders identified a clear need for a central organisation to lead the development and marketing of the Britain tourism brand. In particular, they noted that the domination of the tourism industry by the private sector, the large number of SMEs and the localised nature of much of the sector together make it very difficult to bring enough businesses together of their own volition to run an effective marketing campaign: a central organisation is required to act as a 'lightning rod' attracting private sector support for international and national campaigns and to pull the tourism industry together. Without such an organisation, the different parts of the industry would be inclined to pursue their own self-interests and pull in different directions. However, stakeholders felt there were a number of tensions in the current arrangements.
7. The most critical of these tensions is between VB and the national Visit organisations for England, Scotland and Wales, each of which wants to promote its own national brand and (particularly in the case of Scotland) wants a greater say in when and how the overarching GREAT or 'Britain brand' is used and how it fits with their own national branding. Some stakeholders were concerned that a lack of clarity about when it is appropriate to market Britain as a single destination and when it is appropriate to market England, Scotland and Wales as distinct destinations is creating confusion, duplication and waste as well as stoking tensions and disagreements.
8. The imbalance in recognition adds to this: in many overseas markets, Scotland is a more recognisable 'brand' than England or Wales. Moreover, VisitScotland is relatively well-funded compared with VB and VE and able to undertake more international marketing activity independently of VB than VE. In contrast, stakeholders in Wales noted that Wales needed VB (or a similar organisation) with the resources, expertise and networks to promote Wales more widely in international markets as well as in its priority target international markets. Some stakeholders considered that the England brand needed to be clearer and better developed. Some also thought that VE should play a larger role in marketing England in near European markets.
9. Some stakeholders were also concerned that tensions, disagreements and competition between the Visits are adversely affecting marketing efforts and that politics and personalities are too easily able to get in the way of agreements on marketing strategy. The different delivery models, strategies and priorities of the national Visits was regarded by stakeholders as contributing to the tensions when a common approach to international marketing would be more beneficial. As a consequence of these tensions, VB is often perceived as doing what it wants to do, rather than what the national Visits would like it to do, without prior consultation, agreement or explanation.
10. This concern about tensions, disagreements and competition also applied to the relationship between VB and VE. Many stakeholders felt that the current structural relationship and division of functions was confusing and lacked clarity. It was not always clear which organisation was responsible for what aspects of development and marketing and overlaps in functions were causing duplication of effort and waste of resources. In addition, tensions over funding and activities caused strains which were sometimes apparent to stakeholders and partners. The two organisations were felt to be pulling in different directions. Some stakeholders felt that full separation of the two organisations was required.

11. A further tension arises through VB's focus on partnerships with large private sector companies. Given the requirement for private sector partners to provide 50% of the funding for VB's marketing campaigns, some stakeholders considered it almost inevitable that only large companies would be willing or able to commit the amounts required, but some were concerned that this could distort the marketing effort, with smaller locations and businesses losing out on the benefits and becoming disconnected from VB's activities.
12. The uneven distribution of international visitors was of particular concern to stakeholders outside London and representative organisations with members outside London. Several stakeholders noted that London is well-established as a world-class destination and around half of all visitors to the UK from overseas – and, particularly, most first time visitors – go to London. Outside London, only a small number of destinations receive significant numbers of overseas visitors and in many cases these are day visits from London rather than overnight stays. Most tourist destinations, visitor attractions and hotel and guest-house accommodations outside London rely on the domestic market. However, stakeholders were concerned that VB's targets focus on the overall numbers of overseas visitors, and do not provide sufficient incentive for VB to actively promote a better spread of overseas tourists across the country. Many stakeholders considered that VE needs to provide more focus and support in packaging tourism offers from around the country to provide the experiences (rather than the destinations) that tourists are increasingly looking for and which VB can then promote on the international tourism market.
13. The lack of effective promotion of England as a venue for business visits and events is of concern to some stakeholders. Since VB pulled out of this area of marketing as a cost-saving measure, VE has sought to fill the gap but stakeholders consider that, with limited funding available, it has not been able to make a significant impact. Most marketing of business tourism is carried out by local organisations. However, this is regarded as an area of significant potential and with beneficial knock-on consequences for trade and investment.

### **Developing the tourism sector**

14. Stakeholders noted and emphasised the significant economic contribution of the tourism sector and its importance as a source of employment, skills development and training, particularly for young people for whom it often provides a first step on the employment ladder. There is some surprise that the economic potential and opportunities offered by the tourism sector are not more widely recognised and promoted within Government. Several stakeholders observed that Government initiatives are often not developed with the tourism sector in mind – for example, given the seasonal nature of work in many businesses in the tourism sector, current apprenticeship schemes do not work well for these businesses. VB and VE are generally considered to do reasonably well in encouraging the development of the sector, but are held back by lack of resources, confusing and inappropriate structures and lack of wider recognition.
15. Government stakeholders who have worked with VB in the GREAT campaign spoke of their surprise that tourism is not more effectively promoted in the Government's economic, trade and industrial strategies as a key contributor to economic growth – for

example, in the roadmap for the 2020 export strategy – and that VB is not more closely associated with organisations such as UKTI on a wider basis beyond the requirements of the GREAT campaign. Many stakeholders (not just those in Government) noted how the GREAT campaign has shown that inward investment, trade and tourism are not mutually exclusive and considered that closer working between VB and UKTI would be beneficial both for tourism and for wider Government economic and trade policies and priorities.

16. An overwhelming majority of stakeholders emphasised the difficulties of co-ordinating and developing the sector at the local level. The sub-national system of destination organisations in England which was established following the abolition of the Regional Development Agencies was widely regarded as being inconsistent and ‘fractured’.
17. There are around 200 destination organisations across England, but many of these are facing a funding crisis as local authorities reduce or withdraw their funding contributions to meet stringent financial targets. Regional Growth Fund (RGF) funding for the ‘Growing Tourism Locally’ programme has been helpful and has supported local growth in some places, but it will shortly come to an end; and most stakeholders, including the destination organisations did not consider it to be a satisfactory substitute for on-going, targeted central Government funding for the tourism sector. Relatively few destination organisations have been able to engage effectively with their local LEPs which do not prioritise tourism as a sector or which are unable to fund it through the Local Growth Fund which is predominately capital funding for transport and housing.
18. Overall standards of leadership and governance in the destination organisations were considered to be extremely variable. Several stakeholders noted that there was no consistency in data standards, making it difficult to collect and aggregate data and statistics across destination organisations; and that collaboration and co-operation between destination organisations was often difficult to achieve or simply non-existent. Several destination organisations themselves acknowledged these problems. Stakeholders considered that VE was valuable in terms of the expert advice it was able to offer but too stretched and lacking incentives and resources to promote restructuring in order to bring coherence to the arrangements and drive up standards so that a smaller number of destination organisations could more effectively engage with their local tourism businesses and provide an effective link with the national tourism body. A strong central body was needed to lead the destination organisations and drive through reforms.

**Written submissions were received from and on behalf of the following organisations:**

1. ABTA
2. Bristol Airport
3. British Beer and Pub Association
4. British Destinations
5. British Holiday & Home Parks Association
6. British Hospitality Association
7. Broads Tourism
8. Caravan Club
9. Cumbria Tourism
10. Derby City Council
11. Destination Bristol
12. Destination Plymouth
13. England's Destination Management Forum
14. English Association of Self-Catering Operators
15. Experience Nottinghamshire
16. Farm Stay UK
17. Gough Hotels
18. Historic Houses Association
19. Liverpool City Region LEP and Visitor Economy Board
20. Local Government Association
21. London and Partners
22. Made
23. Manchester Airports Group
24. Marketing Manchester
25. National Coastal Tourism Academy
26. People 1<sup>st</sup>
27. Reach Into China
28. Shakespeare's England
29. South West Tourism Alliance
30. Tourism Alliance
31. Tourism Society
32. Tourism Society Wales
33. Tourism South East
34. UKInbound
35. Visit County Durham
36. Visit East Anglia
37. Visit Essex
38. Visit Greenwich
39. Visit Kent
40. Visit Peak District & Derbyshire
41. VisitScotland
42. VisitWiltshire
43. Wales Tourism Alliance
44. Welsh Government / Visit Wales

**Written submissions were received from the following individuals:**

- 45. Steve Brown FCA
- 46. Simon Manley CMG, HM Ambassador to Spain
- 47. John Penrose MP, former Tourism Minister

**The following stakeholders participated in the two round tables:***Round table 1: domestic tourism*

Malcolm Bell	Visit Cornwall
John Brazier	Historic Houses Association
Andrew Davison	MediaCom
Bernard Donoghue	Association of Leading Visitor Attractions
Tim Frenneaux	Business Inspired Growth
Lady Jane Gibson	Visit York
Peter Hampson	Tourism Society
Alistair Handyside	Higher Wiscombe
Amanda Lumley	Destination Plymouth
Melanie Sensicle	Visit County Durham
Jim Sims	Buckinghamshire Thames Valley LEP
Jennifer Spencer	Experience Nottinghamshire
Doreen Stephenson	East Lindsay
Duncan Wise	Northumberland National Park Authority
Andy Woodward (by telephone)	Farm Stay

*Round table 2: international tourism*

Simon Altham (by telephone)	Hoseasons
Ana Araque	View from the Shard
Laurie Berryman (by telephone)	Emirates
Jill Dain	Visit Kent
Bernard Donoghue	Association of Leading Visitor Attractions
Clare Harbord	Heathrow Airport
Emma Hudson	STA
Ufi Ibrahim	British Hospitality Association / Tourism Alliance

Graeme Mason (by telephone)	Newcastle International
Neil Rami	Marketing Birmingham
Patrick Richards	Cox and Kings
Andrew Stokes	Marketing Manchester
Robin Tjolle	Shakespeare's England

**Individual meetings and telephone calls were held with:**

*VisitBritain*

Christopher Rodrigues CBE	Chair
John Lindquist	Board member
Ian McCaig	Board member
Steve Ridgway CBE	Board member
Sally Balcombe	Chief Executive
Keith Beecham	Director of Overseas Network
Joss Croft	Director of Marketing
Philip Mabe	Director of Business Services
Patricia Yates	Director of Strategy and Communications

*VisitEngland*

Lady Penelope Cobham CBE	Chair
James Berresford	Chief Executive
Louise Stewart	Director of Strategy and Development
Tim Holt	Interim Director of Marketing

*Government*

Conrad Bird	Number 10
Ian Broadhurst	BIS
Julie Chappell	FCO
Alex Ellis	FCO
Andrew Mitchell	FCO
Clare Pillman	DCMS

*Other organisations*

Manon Antoniazzi	Chief Executive, Visit Wales
Mike Cantlay	Chair, VisitScotland
Dan Clayton-Jones	Chair, Wales Tourism Advisory Board
Sandie Dawe CBE	Former Chief Executive, VisitBritain
Michael Hirst	Chair, Business Visits and Events Partnership
Ufi Ibrahim	Chief Executive, British Hospitality Association
Gordon Innes	Chief Executive, London and Partners
Sandra Matthews-Marsh	Chief Executive, Visit Kent
John Penrose MP	Former Minister for Tourism
Sir Hugh Robertson MP	Former Minister for Tourism
Kurt Janson	Chief Executive, Tourism Alliance
Ashwini Kakkar	Vice Chairman, Mercury Travels, India
Paul Raynes	Head of Programmes, Local Government Association
Moira Sinclair	Director London & South East, Arts Council England
Ian Stephens	Chief Executive, Cumbria Tourism
Thies Rheinsberg	Managing Director, TUI Wolters Reisen, Germany
Deirdre Wells	Chief Executive, UKInbound
Luke Whitcomb	Director of Marketing, English Heritage



# Annex H: VB and VE self-assessment of their compliance with the principles of good governance

ACCOUNTABILITY				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<p><b>The public body complies with all applicable statutes and regulations, and other relevant statements of best practice.</b></p>	1.	<p><b>Statutory Accountability</b></p> <p>The public body must comply with all statutory and administrative requirements on the use of public funds. This includes the principles and policies set out in the HMT publication “Managing Public Money” and Cabinet Office/HM Treasury spending controls.</p>	●	<p>In addition to the general obligation on BTA to comply with all statutory and administrative requirements in relation to the use of public funds, the BTA complies with the general guidance documents and instructions listed in Annex A to the Management Agreement 2012-2015 (‘the Agreement’) issued by DCMS on 14 November 2012.</p>
	2.	<p>The public body must operate within the limits of its statutory authority and in accordance with any delegated authorities agreed with the sponsoring department.</p>	●	<p>The BTA operates within the parameters of the Agreement</p> <p>The BTA obtains the written approval of the DCMS prior to committing to any act or payment which falls outside its delegated authority as outlined at clause 22 of the Agreement.</p>

3.	The public body should operate in line with the statutory requirements and spirit of the Freedom of Information Act 2000.	●	<p>The BTA adheres to the provisions of the Freedom of Information Act 2000 and operates within its spirit.</p> <p>BTA has not been the subject of any complaints to the Information Commissioner's Office.</p>
4.	It should have a comprehensive Publication Scheme. It should proactively release information that is of legitimate public interest where this is consistent with the provisions of the Act.	●	<p>The BTA has adopted the Information Commissioner's Model Publication Scheme which is published on VisitBritain (VB) and VisitEngland's (VE) corporate websites.</p> <p>VisitBritain (VB) and VisitEngland (VE) (the names under which BTA trades – see introduction to Q11) are pro-active in making a huge amount of information available via their corporate websites:</p> <p><a href="http://www.visitbritain.org/">http://www.visitbritain.org/</a></p> <p><a href="http://www.visitengland.org/">http://www.visitengland.org/</a></p> <p>This information includes our strategies and business plans; annual reports (the statutory document and less formal versions for stakeholders); marketing and other opportunities which we offer; our market research, intelligence and insights; press releases and other material which we make freely available to the media; business advice and guidance for the industry and so on. These websites also contain information about VB and VE and their work, details of Board Members and senior staff, minutes of Board meetings and 'Transparency' information.</p>

5.	The public body must be compliant with Data Protection legislation.	●	The BTA complies with Data Protection legislation. The BTA is registered as a Data Controller in the Data Protection Register on the <a href="#">Information Commissioners Office website</a> (registration number Z8917617).
6.	The public body should be subject to the Public Records Acts 1958 and 1967.	N/A	The BTA is not subject to the Public Records Acts 1958 and 1967.

PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The Accounting Officer of the public body is personally responsible and accountable to Parliament for the use of public money by the body and for the stewardship of assets.</b>	7.	<b><i>Accountability for Public Money</i></b> There should be a formally designated Accounting Officer for the public body. This is usually the most senior official (normally the Chief Executive).	●	Sally Balcombe, the Chief Executive of VisitBritain, has been formally designated Accounting Officer for the BTA.
	8.	The role, responsibilities and accountability of the Accounting Officer should be clearly defined and understood. The Accounting Officer should have received appropriate training and induction. The public body should be compliant with the requirements set out in "Managing Public Money.	●	Sally Balcombe is fully aware of the responsibilities associated with this role which have been specifically outlined to her and she acts in accordance with the terms of her letter of appointment issued by the Permanent Secretary of DCMS. After taking up her post in September 2014, Ms Balcombe attended the first available Civil Service College Public Accountability training course in January 2015.  The Accounting Officer is supported and assisted in the exercise of her functions by, inter-alia, the Audit Committee, the Chief Executive of VisitEngland and employees of the BTA, but has not assigned absolutely to

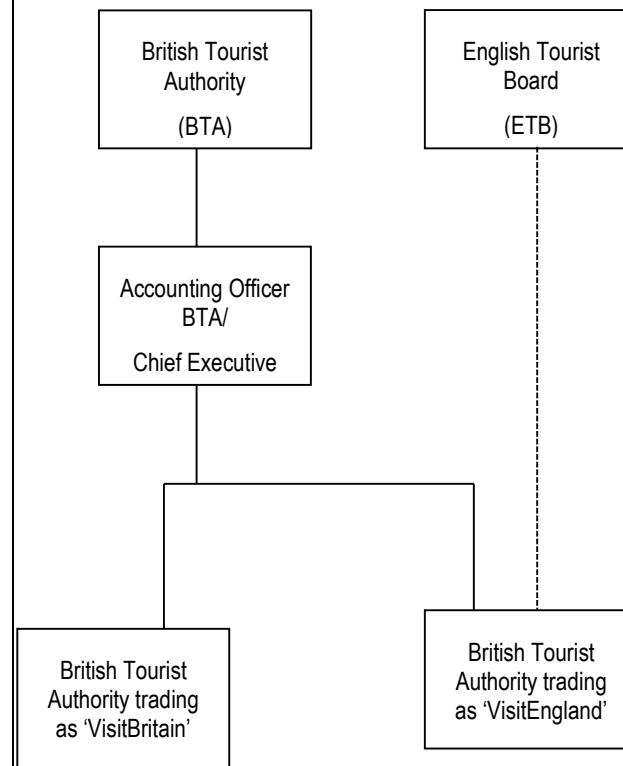
			any other person her responsibilities as Accounting Officer.
	<p><b>9.</b> The public body should establish appropriate arrangements to ensure that public funds:</p> <ul style="list-style-type: none"> <li>– are properly safeguarded;</li> <li>– used economically, efficiently and effectively</li> <li>– used in accordance with the statutory or other authorities that govern their use; and</li> <li>– deliver value for money for the Exchequer as a whole.</li> </ul>	●	<p>BTA has a comprehensive Financial Policies and Procedures Manual and Procurement Toolkit, available to staff via the intranet, which all staff are required to comply with. This is supported by induction programmes for new staff and an in-house training programme 'Managing our Money' which is currently being rolled out.</p> <p>The Audit Committee has oversight in this area as part of its remit to support the Accounting Officer and Board in carrying out their duties. There is also an extensive internal audit programme and external audit is undertaken by the NAO.</p>
	<p><b>10.</b> The public body's annual accounts should be laid before Parliament. The Comptroller and Auditor General should be the external auditor for the body</p>	●	<p>The BTA's Annual Report and Accounts are laid before Parliament and the Scottish Parliament annually before the summer recess. Copies are also sent to the Library of the Welsh Assembly. (BTA is a Cross-Border Authority.) The Accounts include The Certificate and Report of the Auditor &amp; Comptroller General. The Annual Reports and Accounts 2013/14 are available here <a href="http://www.visitbritain.org/aboutus/corporatepublications/">http://www.visitbritain.org/aboutus/corporatepublications/</a></p>

<b>ROLES AND RESPONSIBILITIES</b>				
<b>PRINCIPLE</b>	<b>SUPPORTING PROVISION</b>		<b>COMPLY</b>	<b>EXPLAIN</b>
<p><b>The public body is led by an effective board which has Collective responsibility for the overall performance and success of the body.</b></p> <p><b>The board provides strategic leadership, direction, support and guidance.</b></p> <p><b>The board and its committees have an appropriate balance of skills, experience, independence and knowledge.</b></p> <p><b>There is a clear division of roles and responsibilities between non-</b></p>	<p><b><i>Role of the Board</i></b> (of British Tourist Authority trading as VisitBritain and VisitEngland)</p>			<p><u>Introduction</u></p> <p>The British Tourist Authority (BTA) and English Tourist Board (ETB) were both created by the Development of Tourism Act 1969.</p> <p>On 1 April 2003, ETB ceased to be funded. It was re-classified as an unfunded advisory body. BTA assumed responsibility for the domestic marketing of England and commenced trading as VisitBritain. Following the British Tourism Framework Review in 2009, it became clear that there was a demand for a dedicated tourist board for England which would rank on an equal footing with similar bodies in Scotland and Wales. To achieve this within the existing statutory and funding framework, BTA established 'VisitEngland' with a Chief Executive reporting directly to the Chairman of the ETB also known as VisitEngland. Legally, the VisitEngland Executive team remains a part of BTA for funding and governance purposes and undertakes its role as 'The British Tourist Authority trading as VisitEngland'.</p>

**executive and executives.**

**No one individual has unchallenged decisionmaking powers.**

VisitEngland is legally accountable to the Board and Accounting Officer of BTA who exercise their responsibilities through an internal Funding Agreement and a Memorandum of Understanding with ETB which details the corporate governance arrangements.



	11.	<p>The board of the public body should:</p> <p>meet regularly;</p> <p>retain effective control over the body; and</p> <p>effectively monitor the senior management team.</p>		<p>Unless otherwise stated references below to ‘the Board’ are to the Board of the BTA known as VisitBritain.</p>
			●	<p>The Board meets sufficiently regularly to discharge its duties effectively. Currently the Board meets 6 times a year and supplements this with two half day meetings where it reviews strategic matters in greater depth than is possible during regular meetings.</p>
			●	<p>The frequency of Board meetings coupled with the management information which the Board receives ensures that it retains effective control over the body. The Board is supported and assisted in this by the Audit Committee and, in the case of BTA trading as VisitEngland, by the English Tourist Board aka as VisitEngland.</p>
			●	<p>The Board monitors the work of the senior team via the reports and information which it receives at Board meetings. The Chief Executive also meets privately with the Board from time to time to, inter alia, discuss the performance of the senior team and the Chairman meets privately with the Board to discuss the performance of the Chief Executive. Performance of the senior management team is also discussed annually by the Remuneration Committee when it approves performance pay awards.</p>

	<p><b>12.</b> The size of the board should be appropriate.</p>	<p>●</p>	<p>The size of the Board is prescribed by The Development of Tourism Act 1969 (as amended) ('the Act') which provides for the Secretary of State for Culture Media and Sport to appoint a Chairman and not more than 5 members, for the Welsh Assembly to appoint 1 member and for the Chairmen of VisitScotland and VisitEngland to sit on the Board as ex-officio members. There are currently 2 SoS appointed vacancies which the SoS has decided not to appoint into until the Tri-ennial Review has been completed.</p> <p>At the Chairman's invitation, members of the boards of the Northern Ireland Tourist Board and London &amp; Partners also attend Board meetings as Observers.</p>
	<p><b>13.</b> Board members should be drawn from a wide range of diverse backgrounds.</p>	<p>●</p>	<p>Board members are drawn from a range of backgrounds in order to ensure a wide range of skills and competencies on the Board <a href="http://www.visitbritain.org/aboutus/ourboard/">http://www.visitbritain.org/aboutus/ourboard/</a></p>
	<p><b>14.</b> The board should establish a framework of strategic control (or scheme of delegated or reserved powers). This should specify which matters are specifically reserved for the collective decision of the board. This framework must be understood by all board members and by the senior management team. It should be regularly reviewed and refreshed.</p>	<p>●</p>	<p>The matters reserved for the Board are set out at clause 5 of the Agreement and are well understood by the Board and senior management team. The specific responsibilities of the Accounting Officer and Chairman are also set out in the Agreement.</p>



	<p><b>15.</b> The Board should establish formal procedural and financial regulations to govern the conduct of its business.</p>	<p>●</p>	<p>BTA has a comprehensive Financial Policies and Procedures Manual available to staff via the intranet, which all staff are required to comply with. This is supported by induction programmes for new staff and an in-house training programme 'Managing our Money'.</p>
	<p><b>16.</b> The Board should establish appropriate arrangements to ensure that it has access to all such relevant information, advice and resources as is necessary to enable it to carry out its role effectively.</p>	<p>●</p>	<p>The Board receives and reviews a rolling forward agenda at each meeting and requests (and subsequently receives) additional papers as it deems necessary.</p> <p>The Chief Executive and Secretary to the Board also ensure that relevant information is sent to the Board between meetings as appropriate and that any requests for information or advice from Board members are fulfilled in a timely manner.</p>
	<p><b>17.</b> The Board should make a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters.</p>	<p>●</p>	<p>The Director of Business Services who is an Accountant and whose portfolio includes Finance is charged with ensuring that appropriate advice is given to the Board on all financial matters.</p>
	<p><b>18.</b> The Board should make a senior executive responsible for ensuring that Board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with.</p>	<p>●</p>	<p>The Secretary to the Board is responsible for ensuring that Board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with.</p>

	<p><b>19.</b> The Board should establish a remuneration committee to make recommendations on the remuneration of top executives.</p>	●	<p>The Board has established a Remuneration Committee to, inter alia, make recommendations on the remuneration of the senior management team.</p>
	<p><b>20.</b> Information on senior salaries should be published.</p>	●	<p>Information on the senior management team salaries is published in the Annual Report and Accounts each year and is available in the Transparency section of VB and VE's corporate websites.</p>
	<p><b>21.</b> The board should ensure that the body's rules for recruitment and management of staff provide for appointment and advancement on merit.</p>	●	<p>VB and VE have a long established Performance Management Policy and process. All elements of pay are performance related and annual increases to base salary, and the payment of a non-consolidated amounts (bonuses), are entirely dependent on performance. Individual performance is reviewed annually as part of the formal Performance Appraisal process and line managers recommend ratings based on the achievement of objectives. Ratings are reviewed and approved by Directors. If performance is unsatisfactory no increase is given.</p> <p>It is our policy to recruit the best person for the role based on their ability and individual merit as measured against job criteria. All vacancies are posted on the Intranet and existing staff are encouraged to apply if they have appropriate qualifications, experience and skills.</p>

	22.	The Chief Executive should be accountable to the Board for the ultimate performance of the public body and for the implementation of the Board's policies. He or she should be responsible for the day-to-day management of the public body and should have line responsibility for all aspects of executive management.	●	The Chief Executive is accountable to the Board for the ultimate performance of the public body and for the implementation of the Board's policies and is responsible for the day to day management of the organisation.  The Chief Executive submits a written report to the Board at each meeting to report on activities and issues not covered elsewhere in the papers.
	23.	There should be an annual evaluation of the performance of the board and its committees and of the Chair and individual board members	●	The Board last undertook an evaluation process in February 2014 to consider its effectiveness and that of the Audit and Remuneration Committees alongside a formal self-assessment exercise to evaluate the performance of individual members. This exercise also considered the performance of the Chairman and the mix of skills available to the Board and its Committees.

PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
<b>The Chair is responsible for leadership of the board and for ensuring its overall effectiveness.</b>	24.	The board should be led by a non-executive Chair.	●	The Chairman of the Board is Christopher Rodrigues CBE who is a non-executive Chair.  The Chairman of the English Tourist Board, known as VisitEngland (ETB), is Penelope, Viscountess Cobham, who is also a non-executive chair.

	<p><b>25.</b> There should be a formal, rigorous and transparent process for the appointment of the Chair. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments.</p>	<p>●</p>	<p>In accordance with the Development of Tourism Act, 1969 ('the Act') the Chairman of BTA is appointed by the Secretary of State for Culture Media and Sport in accordance with the Code of Practice issued by the Commissioner for Public Appointments. The process is led by DCMS and, as BTA is a Cross Border Authority, representatives of the Scottish Executive and Welsh Assembly are involved.</p>
	<p><b>26.</b> The Chair should have a clearly defined role in the appointment of non-executive board members.</p>	<p>● Part</p>	<p>In accordance with the Act, 5 members are appointed by the Secretary of State for Culture Media and Sport: the process is led by DCMS and the Chairman sits on the interview Panel and is fully involved in drawing up the shortlist presented to Ministers.</p> <p>The Chairman is not involved in the appointment of the Chairmen of VisitScotland and VisitEngland who sit on the Board as ex-officio members nor in the appointment of the member appointed by the Welsh Assembly.</p>
	<p><b>27.</b> The duties, role and responsibilities, terms of office and remuneration of the Chair should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements.</p>	<p>●</p>	<p>In accordance with the terms of the Act, the Chairman (and the Chairman of ETB) is appointed by the Secretary of State for Culture, Media and Sport and the letter of appointment, together with a Statement of the Terms and Conditions of Appointment, is sent by the incumbent SoS: the matters covered include the role and responsibilities, remuneration, time commitment and term of office.</p>

	<p><b>28.</b> The responsibilities of the Chair will normally include representing the public body in discussions with Ministers;</p> <ul style="list-style-type: none"><li>– advising the sponsoring Department and Ministers about board appointments and the performance of individual non-executive board members;</li><li>– ensuring that non -executive board members have a proper knowledge and understanding of their corporate role and responsibilities. The Chair should ensure that new members undergo a proper induction process and is normally responsible for undertaking an annual assessment of non-executive board members' performance;</li><li>– ensuring that the board, in reaching decisions, takes proper account of guidance provided by the sponsoring department or Ministers.</li><li>– ensuring that the board carries out its business efficiently and effectively;</li><li>– representing the views of the board to the general public; and</li><li>– developing an effective working relationship with the Chief Executive and other senior staff.</li></ul>	<p>●</p>	<p>The Chair is aware of and discharges the responsibilities listed.</p>
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	29.	The roles of Chair and Chief Executive should be held by different individuals	●	These roles are not, and never have been, held by the same person.
<b>As part of their role, non-executive board members provide independent and constructive challenge.</b>		<b><i>Role of Non-Executive Board Members</i></b>		
	30.	There should be a majority of non-executive members on the board.	●	BTA has no executive board members. See 12 above for further details.
	31.	There should be a formal, rigorous and transparent process for the appointment of non-executive members of the board. This should be compliant with the Code of Practice issued by the Commissioner for Public Appointments.	●	As noted above, the size of the Board is prescribed by the Act which provides for the Secretary of State for Culture Media and Sport to appoint a Chairman and 5 members, for the Welsh Assembly to appoint 1 member and for the Chairmen of VisitScotland and VisitEngland to sit on the Board as ex-officio members.  In making those appointments for which it is responsible, DCMS complies with the Code of Practice issued by the Commissioner for Public Appointments.
	32.	The duties, role and responsibilities, terms of office and remuneration of non-executive board members should be set out clearly and formally defined in writing.	●	Those Board Members appointed by the Secretary of State for Culture, Media and Sport receive a letter of appointment from the incumbent SoS or Minister together with a Statement of the Terms and Conditions of Appointment: the matters covered include the role and responsibilities, remuneration, time commitment and term of office.  BTA does not have sight of the appointment letters for the ex-officio Board Members in their capacities as Chairmen of VisitEngland and VisitScotland, nor of the letter of appointment for the member appointed by the Welsh

			Assembly. However, in common with all board members, they are sent a full induction pack of governance materials and attend an induction session which makes clear their duties, role and responsibilities as board members of the BTA.
	<b>33.</b>	Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements.	● When making appointments, DCMS ensure that this is the case.
	<b>34.</b>	<p>The corporate responsibilities of non-executive board members (including the Chair) will normally include:</p> <ul style="list-style-type: none"> <li>– establishing the strategic direction of the public body (within a policy and resources framework agreed with Ministers);</li> <li>– overseeing the development and implementation of strategies, plans and priorities;</li> <li>– overseeing the development and review of key performance targets, including financial targets;</li> <li>– ensuring that the public body complies with all statutory and administrative requirements on the use of public funds;</li> <li>– ensuring that the board operates within the limits of its statutory authority and any delegated authority agreed with the sponsoring department;</li> </ul>	● Board Members are aware of and discharge the responsibilities listed.

	<ul style="list-style-type: none"> <li>– ensuring that high standard of corporate governance are observed at all times. This should include ensuring that the public body operates in an open, accountable and responsive way; and</li> <li>– representing the board at meetings and events as required.</li> </ul>		
<b>35.</b>	All non-executive Board members must be properly independent of management.	●	All Board members are properly independent of management.
<b>36.</b>	All non-executive board members must allocate sufficient time to the board to discharge their responsibilities effectively.	●	Board Members allocate sufficient time to the board to discharge their responsibilities effectively.
<b>37.</b>	Details of board attendance should be published (with an accompanying narrative as appropriate).	●	Details of Board attendance are published in the Annual Report and Accounts.
<b>38.</b>	There should be a proper induction process for new board members. This should be led by the Chair. There should be regular reviews by the Chair of individual members' training and development needs	●	<p>All new board members undergo a structured induction process. Typically, the Chairman will meet each new board member individually as will the Chief Executive.</p> <p>The Secretary to the Board sends each new board member an induction pack which includes a range of key governance materials and corporate information. This is followed by an induction session during which the Chief Executive and senior management team provide a comprehensive briefing on the work of VisitBritain.</p> <p>All new board members who are new to public service are offered the opportunity to attend a</p>



				<p>suitable external course for board members of public bodies.</p> <p>The chairman discusses individual members' training and development needs as part of the appraisal process.</p> <p>These procedures also apply fully to the Board of ETB.</p>
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EFFECTIVE FINANCIAL MANAGEMENT				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.	39.	<p><b>Annual Reporting</b></p> <p>The body must publish on a timely basis an objective, balanced and understandable annual report. The report must comply with HM Treasury guidance</p>	●	The BTA publishes an Annual Report and Accounts on an annual basis. This complies with HM Treasury guidance.
	40.	<p><b>Internal Controls</b></p> <p>The public body must have taken steps to ensure that effective systems of risk management are established as part of the systems of internal control.</p>	●	<p>BTA aims to manage risk at reasonable levels to support, and add value to, the successful delivery of its strategies, business plans and Management Agreement targets. It does not aim to eliminate all risk but does aim to eliminate surprises and to reduce risks to as low a level as is reasonably practical.</p> <p>Overall responsibility for risk management rests with the Chief Executive and Board but staff at all levels have a role to play and are made aware of this as part of the induction process.</p> <p>A Risk Management Policy and Framework document is in place and the corporate risk register is reviewed annually by the Audit Committee and Board.</p>

			The Business Plan includes a section on the risks which may threaten its successful delivery and summarises the actions which will be taken to control, monitor and mitigate the risks from arising as appropriate.
41.	The public body must have taken steps to ensure that an effective internal audit function is established as part of the systems of internal control. This should operate to Government Internal Audit Standards and in accordance with Cabinet Office guidance	●	<p>BTA's internal auditors are currently PwC. All work undertaken by PwC is carried out in accordance with Government Internal Audit Standards.</p> <p>An annual programme of work is agreed with PwC by the Audit Committee which, in addition to reviewing existing systems, concentrates on areas of work which are innovative or which are known to be of higher risk.</p> <p>All internal audit reports are considered by the executive team and by the Audit Committee and the Audit Committee presents an annual report to the board.</p>
42.	There must be appropriate financial delegations in place. These should be understood by the sponsoring department, by board members, by the senior management team and by relevant staff across the public body. Effective systems should be in place to ensure compliance with these delegations. These should be regularly reviewed	●	<p>Appropriate financial delegations are in place and are set out in the Financial Policies and Procedures Manual which is available to all staff via the intranet.</p> <p>The software used to raise purchase orders ensures that no member of staff can approve expenditure in excess of their delegated limit or charged to a budget code which they are not authorised to book expenditure to.</p>
43.	There must be effective anti-fraud and anti-corruption measures in place.	●	BTA has (anti) Fraud and Bribery Policies in place both of which have been reviewed and approved by the Audit Committee. These policies are available to all staff and

				<p>contractors via our intranet. Both policies include details of who suspected wrong-doing should be reported to including contacts outside the organisation. A Whistleblowing Policy is also in place.</p> <p>Inter-alia, the (anti) Fraud and Bribery Policies are drawn to employees attention as part of the induction process and staff are contractually obliged to abide by them and to sign a letter undertaking to abide by the Bribery Policy.</p> <p>Our Anti Bribery Policy Statement is available on the VisitBritain and VisitEngland corporate websites.</p>
	44.	<p>There must be clear rules in place governing the claiming of expenses. These should be published. Effective systems should be in place to ensure compliance with these rules. The public body should proactively publish information on expenses claimed by board members and senior staff.</p>	●	<p>The Chairmen and Board members of BTA and ETB and all staff are required to follow clear Expenses Policies. All staff expenses must be signed off by a more senior member of staff who is responsible for monitoring compliance with the Policy. i.e. The Chief Executives authorise and monitor Directors' expenses (or in his/her absence the Director of Business Services who also authorises the Chief Executives' expenses). Directors monitor expenses from Heads of Department/Line Managers who in turn are responsible for monitoring departmental/office employees' expenses and highlighting any discrepancies.</p> <p>The amounts spent on travel, subsistence and hospitality are disclosed in the Annual Report and Accounts.</p>

				The policies are published on VB and VE's corporate websites.
45.	The annual report should include a statement on the effectiveness of the body's systems of internal control.		●	The Annual Report includes a statement on the effectiveness of the BTA's systems of internal control i.e. The Statement of Corporate Governance by the Accounting Officer.
46.	<b>Audit Committee</b> The board should establish an audit (or audit and risk) committee with responsibility for the independent review of the systems of internal control and of the external audit process		●	The Board has established an Audit Committee which is responsible for, inter-alia, (advising the Accounting Officer and/or Board) on these matters.
47.	<b>External Auditors</b> The body should have taken steps to ensure that an objective and professional relationship is maintained with the external auditors		●	The BTA is audited by the National Audit Office. In addition to regular meetings and contact with the Director of Business Services and members of the Finance Team throughout the year, NAO is in attendance at every meeting of the Audit Committee and the Chairman of the Audit Committee meets privately with the NAO each year.

COMMUNICATIONS				
PRINCIPLE	SUPPORTING PROVISION		COMPLY	EXPLAIN
The Public Body is open, transparent, accountable and responsive.	48.	<p><b><i>Communications with Stakeholders</i></b></p> <p>The public body should have identified its key stakeholders. It should establish clear and effective channels of communication with these stakeholders.</p>	●	<p>VisitBritain's key stakeholders (partners) both in the UK and overseas include government agencies, such as DCMS, UK Trade and Investment (UKTI), the Foreign and Commonwealth Office (FCO) and the British Council; the official tourism bodies for <a href="#">London</a>, <a href="#">England</a>, <a href="#">Scotland</a>, <a href="#">Wales</a> and destinations; global brands such as the Barclays Premier League, and airlines and operators.</p> <p>VisitEngland stakeholders fall into four main categories:</p> <ul style="list-style-type: none"> <li>● Government , central government departments and their arm's length bodies</li> <li>● Businesses, including trade associations, business groups and individual businesses</li> <li>● Local organisations, including Local Enterprise Partnerships, Local Authorities, Destination organisations, protected landscapes such as national parks and AONBs</li> <li>● Third Sector, including charities and universities</li> </ul> <p>In each case, Individual relationships exist with key stakeholders including marketing partners</p>

and stakeholder management systems are in place.

More widely, our industry stakeholders receive regular news and updates via online newsletters and our corporate websites are regularly updated with the latest news and information. Members of VisitEngland's Quality Scheme receive a quarterly Magazine.

Both VisitBritain and VisitEngland invite key stakeholders to launches and other relevant events throughout the year: in the case of VisitBritain this includes an annual review launch.

VisitBritain also runs the British Tourism Industry Group which includes representatives from all key stakeholders. This Group meets four times a year.

VisitEngland has three main stakeholder forums:

- A Strategic Industry Advisory group which is used to advise and monitor progress on the Strategic Framework for Tourism 2010-2020
- The Destination Management Forum which brings together destination management organisations which meet the criteria for attendance
- The Visitor Attractions Group which being together attractions' associations.

		<b><i>Communications with the Public</i></b>		
	49.	The public body should make an explicit commitment to openness in all its activities. It should engage and consult with the public on issues of real public interest or concern. This might be via new media.	●	<p>BTA is committed to transparency and VisitBritain and VisitEngland publish a wealth of information about their roles and activities on their corporate websites. Information about tourism products which is aimed at consumers is published on our consumer sites.</p> <p>However, other than in relation to the provision of tourism information aimed at an overseas audience but accessible to the general public in the UK, the work of BTA trading as VisitBritain does not bring it into contact with the general public in the UK.</p> <p>BTA trading as VisitEngland provides tourism information about England to the general public in the UK via its website and other media channels but does not otherwise provide services to general public.</p>
	50.	It should publish details of senior staff and boards members together with appropriate contact details.	●	Details of senior staff and Board members – together with contact details - are available on the VisitBritain and VisitEngland Corporate websites.
	51.	The public body should consider holding open board meetings or an annual open meeting.	✘	As explained above, BTA provides limited services to the general public but is committed to transparency and to providing information about VisitBritain and VisitEngland’s roles and activities.
	52.	The public body should proactively publish agendas and minutes of board meetings.	●	Minutes of Board meetings are published on <a href="http://visitbritain.org">visitbritain.org</a>



	<p><b>53.</b> The public body should proactively publish performance data.</p>	<p>●</p>	<p>Key Performance Indicators and results are published in the Annual Report and Accounts and made available on our corporate websites</p>
	<p><b>54.</b> In accordance with transparency best practice, public bodies should consider publishing their spend data over £500. By regularly publishing such data and by opening their books for public scrutiny, public bodies can demonstrate their commitment to openness and transparency and to making themselves more accountable to the public.</p>	<p>●</p>	<p>BTA publishes spend data for all transactions in excess of £25,000 on its corporate websites.</p>
	<p><b>55.</b> The public body should establish effective correspondence handling and complaint procedures. These should make it simple for members of the public to contact the public body and to make complaints. Complaints should be taken seriously. Where appropriate, complaints should be subject to investigation by the Parliamentary Ombudsman.</p>	<p>●</p>	<p>VisitBritain and VisitEngland have established procedures for handling complaints.  BTA is subject to the jurisdiction of the Parliamentary Ombudsman.</p>
	<p><b>56.</b> The public body should monitor and report on its performance in handling correspondence</p>	<p>✘</p>	<p>Most correspondence is now via e mail and it would be disproportionately burdensome to operate a formal monitoring system.</p>
	<p><b>57.</b> <i>Marketing and PR</i> The public body must comply with the Government's conventions on publicity and advertising.</p>	<p>●</p>	<p>As national tourist boards the primary role of VisitBritain and VisitEngland is to promote Britain and England respectively as destinations which necessitates undertaking marketing and PR activity. All such activity undertaken by VisitBritain and VisitEngland has been covered by exemptions issued by the</p>

			Cabinet Office Efficiency and Reform Group in accordance with Government conventions.
<b>58.</b>	These conventions must be understood by board members, senior managers and all staff in press, communication and marketing teams.	●	These conventions are well understood by all marketing, press and PR staff and board members and all members of the senior management team have been briefed accordingly.
<b>59.</b>	Appropriate rules and restrictions must be in place limiting the use of marketing and PR consultants.	●	VisitBritain and VisitEngland do not use marketing and PR consultants.
<b>60</b>	The public body should put robust and effective systems in place to ensure that the public body is not, and is not perceived to be, engaging in political lobbying. This includes restrictions on board members and staff attending Party Conferences in a professional capacity.	●	VisitBritain and VisitEngland do not engage in lobbying activity and staff and Board Members are not permitted to attend party conferences as part of their professional duties for BTA.  BTA is required by the Development of Tourism Act 1969 to advise ministers and public bodies on matters affecting tourism and is cognisant at all times of the distinction between the provision of advice and lobbying.

<b>CONDUCT AND BEHAVIOUR</b>				
<b>PRINCIPLE</b>	<b>SUPPORTING PROVISION</b>		<b>COMPLY</b>	<b>EXPLAIN</b>
<p><b>The board and staff of the public body work to the highest personal and professional standards.</b></p> <p><b>They promote the values of the public body and of good governance through their conduct and behaviour.</b></p>	<b>61.</b>	<p><b>Conduct</b></p> <p>A Code of Conduct must be in place setting out the standards of personal and professional behaviour expected of all board members. This should follow the Cabinet Office Code. All members should be aware of the Code.</p>	●	A Code of Conduct, based on the Cabinet Office model, is in place and is issued to board members on appointment.
	<b>62.</b>	The Code should form part of the terms and conditions of appointment.	●	Board members are aware of their responsibility to comply with the code of conduct.
	<b>63.</b>	The public body has adopted a Code of Conduct for staff. This is based on the Cabinet Office model Code.	●	A Code of Conduct for Staff is in place which is based on the Cabinet Office Model Code.
	<b>64.</b>	All staff should be aware of the provisions of the Code. The Code should form part of the terms and conditions of employment.	●	All staff members are aware of their responsibility to comply with the code of conduct. This is drawn to their attention during induction and our contract of employment states: <i>VisitBritain/VisitEngland's corporate policies and procedures are on the intranet / Teamspace. They are intended to lay down good practice for all staff to follow and failure to co-operate or comply with any such policies and procedures may lead to disciplinary action being taken.</i>

	<p><b>65.</b> There are clear rules and procedures in place for managing conflicts of interest.</p>	●	<p>Clear rules and procedures for managing conflicts of interest are contained in the Staff Code of Conduct but in the process of being transferred into a separate policy.</p>
	<p><b>66.</b> There is a publicly available Register of Interests for board members and senior staff. This is regularly updated.</p>	●	<p>A Register of Interests is maintained by the Secretary to the Board and is available to members of the public on request.</p> <p>Separate registers are maintained for Board Members and staff who are required to update their entry as and when there is a change in their interests.</p> <p>The Registers are also updated pro-actively twice a year when the Secretary writes to Board Members and staff to request that they review and update their entries.</p>
	<p><b>67.</b> There are clear rules and guidelines in place on political activity for board members and staff. There are effective systems in place to ensure compliance with any restrictions.</p>	●	<p>Any board member engaged in political activity must satisfy DCMS that no conflict of interest exists vis-a-vis their appointment to the Board.</p> <p>We assume that the Chairmen of VisitScotland and Visit Wales are required to provide similar assurances.</p> <p>Similarly, members of staff would be expected to satisfy their Director that no conflict exists.</p>
	<p><b>68.</b> <i>Leadership</i> There are rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement. These are effectively enforced.</p>	✘	<p>There are currently no rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement.</p> <p>Such a requirement could be counter-productive in acting as a deterrent to the</p>

	<p>Board members and senior staff should show leadership by conducting themselves in accordance with the highest standards of personal and professional behaviour and in line with the principles set out in respective Codes of Conduct.</p>		<p>highest calibre candidates and is not considered necessary. In fact, the movement of staff between UK tourist boards and other public and private sector organisations involved in tourism is generally viewed as beneficial.</p>
		<p>●</p>	<p>Board Members and the senior management teams of VisitBritain and VisitEngland are committed to upholding the highest standards of personal and professional behaviour. The provisions of the Code of Conduct for staff is re-enforced by our Core Competencies.</p>



# Annex I: International comparators

Country <sup>47</sup>	Structure and organisation	Funding <sup>48</sup> (2013/14 unless otherwise indicated)
<b>Australia</b>	<p>The delivery of central government tourism objectives is the responsibility of the <u>Australian Trade Commission</u> (Austrade), which reports to the Minister for Trade and Investment. <u>Tourism Australia</u> is responsible for international tourism, including marketing, events and business tourism. All state and territory governments incorporate tourism into the relevant parts of their portfolios to ensure effective international and domestic promotion and industry development.</p>	<ul style="list-style-type: none"> <li>• 186.9million AUD (£95.6 million)                             <ul style="list-style-type: none"> <li>- Total central government direct funding</li> </ul> </li> <li>Of which:</li> <li>• 130million AUD (£66.5 million)                             <ul style="list-style-type: none"> <li>- Tourism Australia budget to market overseas</li> </ul> </li> <li>• 12.5million AUD (£6.4 million)                             <ul style="list-style-type: none"> <li>- Australian Government's Asia Marketing Fund</li> </ul> </li> <li>• 6million AUD (£3 million)                             <ul style="list-style-type: none"> <li>- Towards implementing the National Long-Term Tourism Strategy</li> </ul> </li> <li>• 5.5million AUD (£2.8 million)                             <ul style="list-style-type: none"> <li>- To support implementation of T-Qual Accreditation</li> </ul> </li> <li>• 4.1million AUD (£2.1 million)                             <ul style="list-style-type: none"> <li>- Funding for China Approved Destination Status</li> </ul> </li> </ul>
<b>France</b>	<p>Government responsibility for tourism is divided between the Ministry for Foreign Affairs and International Development (responsible for the co-ordination and promotion of tourism) and the Ministry for Economy, Industry and Digital Economy (responsible for development of the tourism industry). <u>Atout France</u> is the French Tourism Development Agency, responsible for sector development and tourism promotion and marketing.</p>	<p><u>2013</u></p> <ul style="list-style-type: none"> <li>• 42.4 million EUR (£31.5 million) in commitments</li> <li>Of which:</li> <li>• Almost 37 million EUR (£27.5 million) for payment appropriations</li> <li>• 30.5 million EUR (£22.7 million) for Atout France</li> </ul>

<sup>47</sup> The main source for the information in this table is the OECD Tourism Trends and Policies 2014 ([http://www.oecd-ilibrary.org/industry-and-services/oecd-tourism-trends-and-policies-2014\\_tour-2014-en](http://www.oecd-ilibrary.org/industry-and-services/oecd-tourism-trends-and-policies-2014_tour-2014-en)). The entries for France, Germany and Italy reflect known organisational changes since national information was provided in 2013 for the OECD publication.

<sup>48</sup> £ sterling equivalents are approximate amounts calculated using current exchange rates.

Country <sup>47</sup>	Structure and organisation	Funding <sup>48</sup> (2013/14 unless otherwise indicated)
<b>Germany</b>	The Federal Government Commissioner for SMEs and Tourism, reporting to the Federal Minister for Economic Affairs and Energy, is responsible for co-ordinating tourism policy within government. The <u>German National Tourist Board</u> (GNTB) is responsible for marketing tourism abroad, working alongside the Länder. The 16 Länder are responsible for the development and promotion of regional tourism. The Länder Committee of Tourism meets twice a year to exchange information and co-ordinate work between more than one Land.	<p><u>2013</u></p> <ul style="list-style-type: none"> <li>• 29.9million EUR (£22.2 million) <ul style="list-style-type: none"> <li>- Total resources</li> </ul> </li> <li>• 28.2 million EUR (£21 million) <ul style="list-style-type: none"> <li>- Institutional support for GNTB and additional funds for marketing in Southeast Europe</li> </ul> </li> <li>• 1.6 million EUR (£1.2 million) <ul style="list-style-type: none"> <li>- Projects to enhance SME performance</li> </ul> </li> <li>• 250,000 EUR (£186,000) <ul style="list-style-type: none"> <li>- Additional funding from Federal Government for GNTB advertising campaign following summer 2013 floods</li> </ul> </li> </ul>
<b>Italy</b>	In October 2013, responsibility for tourism and the Office for Tourism Policy transferred from the Prime Minister's Office to the Ministry for Cultural Heritage and Activities and Tourism (MIBACT). The <u>Italian National Tourism Agency</u> (ENIT) is responsible for promoting Italy as a tourist destination.	<p><u>2012</u></p> <ul style="list-style-type: none"> <li>• 33 million EUR (£24.5 million) <ul style="list-style-type: none"> <li>- Budget for national tourism administration</li> </ul> </li> </ul> <p>Of which:</p> <ul style="list-style-type: none"> <li>• 19 million EUR (£14.1 million) <ul style="list-style-type: none"> <li>- Budget for ENIT</li> </ul> </li> </ul>
<b>Japan</b>	The <u>Japan Tourism Agency</u> , an external agency of the Ministry of Land, Infrastructure, Transport and Tourism, oversees the administration of tourism policy and is responsible for the development and promotion of tourism. The <u>Japan National Tourism Organisation</u> (JNTO) is responsible for promoting Japan internationally as a destination for both leisure and business travel.	<ul style="list-style-type: none"> <li>• 10.2billion JPY (£55.2 million) <ul style="list-style-type: none"> <li>- Total resources through the Ministry</li> </ul> </li> </ul> <p>Including:</p> <ul style="list-style-type: none"> <li>• 6.1billion JPY (£33.1 million) <ul style="list-style-type: none"> <li>- Visit Japan Campaign</li> </ul> </li> <li>• 1. 8billion JPY (£5.6 million) <ul style="list-style-type: none"> <li>- Subsidies for JNTO</li> </ul> </li> <li>• 2.8 billion JPY (£11.1 million) <ul style="list-style-type: none"> <li>- Total JNTO budget, including income from other sources</li> </ul> </li> </ul>
<b>Korea</b>	The <u>Korea Tourism Organisation</u> is responsible for domestic and international tourism promotion. The <u>Korean Culture and Tourism Institute</u> conducts research activities. Both report to the Ministry of Culture, Sports and Tourism which is responsible for government policy on tourism.	<p><u>2012</u></p> <ul style="list-style-type: none"> <li>• 2.54 million USD (£1.7 million) <ul style="list-style-type: none"> <li>- General tourism development</li> </ul> </li> <li>• 371 million USD (£243.5 million) <ul style="list-style-type: none"> <li>- Tourism infrastructure development</li> </ul> </li> <li>• 644 million USD (£422.7 million) <ul style="list-style-type: none"> <li>- Tourism promotion and development including medical tourism, overseas promotion and marketing, tourist information centres and market research</li> </ul> </li> </ul>



Country <sup>47</sup>	Structure and organisation	Funding <sup>48</sup> (2013/14 unless otherwise indicated)
<b>Spain</b>	<p>The State Secretariat for Tourism in the Ministry for Industry, Energy and Tourism is responsible for tourism policy. <u>Turespaña</u>, the Spanish Tourism Institute, is responsible for the international promotion of Spain as a tourism destination. The autonomous regions are responsible for the promotion, development and regulation of tourism within their own territories.</p>	<ul style="list-style-type: none"> <li>• 394million EUR (£292.7 million)                             <ul style="list-style-type: none"> <li>- Total resources</li> </ul> </li> <li>Of which:                             <ul style="list-style-type: none"> <li>• 268million EUR (£199 million)                                     <ul style="list-style-type: none"> <li>- Budget for State Secretariat for Tourism</li> </ul> </li> <li>• 83million EUR (£61.7 million)                                     <ul style="list-style-type: none"> <li>- Turespaña budget</li> </ul> </li> <li>• 43million EUR (£32 million)                                     <ul style="list-style-type: none"> <li>- Tourism promotion budget</li> </ul> </li> </ul> </li> </ul>
<b>USA</b>	<p>Responsibility for tourism is highly decentralised. In the federal government, the <u>National Travel and Tourism Office</u> within the International Trade Administration of the US Department of Commerce is the central contact point. The <u>Corporation for Travel Promotion</u>, operating as Brand USA, promotes travel and works with the federal government to improve the entry process for international visitors. The <u>Tourism Policy Council</u>, made of private sector representatives, provides policy input to the Secretary of Commerce. State and local governments are responsible for tourism in their areas.</p>	<p><u>2011/12</u></p> <ul style="list-style-type: none"> <li>• 3.7 million USD (£2.4 million)                             <ul style="list-style-type: none"> <li>- Approximate operational budget for the National Travel and Tourism Office</li> </ul> </li> </ul>



# Annex J: Key documents

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1. Development of Tourism Act 1969  
<http://www.legislation.gov.uk/ukpga/1969/51>
2. Government Tourism Policy (March 2011)  
<https://www.gov.uk/government/publications/tourism-strategy>
3. Secretary of State letter on the outcome of the 2010 spending review  
[http://www.visitbritain.org/bounce.aspx?PG=/Images/DCMS%20Funding%20Letter\\_tcm29-28682.pdf](http://www.visitbritain.org/bounce.aspx?PG=/Images/DCMS%20Funding%20Letter_tcm29-28682.pdf)
4. VisitBritain and VisitEngland Annual Report and Accounts 2013-14  
[http://www.visitbritain.org/bounce.aspx?PG=/Images/Annual%20Accounts%202013-14\\_tcm29-42119.pdf](http://www.visitbritain.org/bounce.aspx?PG=/Images/Annual%20Accounts%202013-14_tcm29-42119.pdf)
5. VisitBritain and VisitEngland Annual Report and Accounts 2012-13  
[http://www.visitbritain.org/bounce.aspx?PG=/Images/Annual%20Accounts%202012-13\\_tcm29-38084.pdf](http://www.visitbritain.org/bounce.aspx?PG=/Images/Annual%20Accounts%202012-13_tcm29-38084.pdf)
6. VisitBritain Business Plan 2014-15  
[http://www.visitbritain.org/bounce.aspx?PG=/Images/VB%2014-15%20Business%20Plan\\_tcm29-41436.pdf](http://www.visitbritain.org/bounce.aspx?PG=/Images/VB%2014-15%20Business%20Plan_tcm29-41436.pdf)
7. VisitEngland Business Plan 2014-15  
[http://www.visitengland.org/bounce.aspx?PG=/Images/VisitEngland%20Business%20Plan%202014-15\\_tcm30-41542.pdf](http://www.visitengland.org/bounce.aspx?PG=/Images/VisitEngland%20Business%20Plan%202014-15_tcm30-41542.pdf)
8. VisitEngland Corporate Strategy 2011-15  
[http://www.visitengland.org/bounce.aspx?PG=/Images/8368%201%20Corporate%20Strategy%20doc\\_AW\\_LR\\_v29\\_tcm30-26815.pdf](http://www.visitengland.org/bounce.aspx?PG=/Images/8368%201%20Corporate%20Strategy%20doc_AW_LR_v29_tcm30-26815.pdf)
9. Delivering a Golden Legacy: A growth strategy for inbound tourism to Britain from 2012 to 2020  
[http://www.visitbritain.org/bounce.aspx?PG=/Images/Britain%20Strategy\\_tcm29-37329.pdf](http://www.visitbritain.org/bounce.aspx?PG=/Images/Britain%20Strategy_tcm29-37329.pdf)
10. VisitBritain: Annual Review 2013-14  
<http://visitbritainannualreview2013-2014.org/performance/reaching-new-heights-britains-tourist-performance/> <http://visitbritainannualreview2013-2014.org/performance/reaching-new-heights-britains-tourist-performance/>

11. England: A Strategic Framework for Tourism 2010-2020 (revised edition 2011)  
[http://www.visitengland.org/bounce.aspx?PG=/Images/Strategic%20Framework%20main%20document\\_tcm30-33240.pdf](http://www.visitengland.org/bounce.aspx?PG=/Images/Strategic%20Framework%20main%20document_tcm30-33240.pdf)
12. England: A Strategic Action Plan for Tourism 2010-2020  
[http://www.visitengland.org/bounce.aspx?PG=/Images/7049\\_Strategic\\_Actionplan\\_LR\\_singles2\\_2\\_tcm30-17918.pdf](http://www.visitengland.org/bounce.aspx?PG=/Images/7049_Strategic_Actionplan_LR_singles2_2_tcm30-17918.pdf)



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