



## Annual Report and Accounts for the Year Ended 31 March 2016

British Tourist Authority trading as VisitBritain & VisitEngland

Presented to Parliament pursuant to Section 6(4)  
and Section 6(6) of the Development of Tourism Act 1969.

Ordered by the House of Commons to be printed 14 July 2016



# **BRITISH TOURIST AUTHORITY**

TRADING AS

## **VISITBRITAIN & VISITENGLAND**

**ANNUAL REPORT AND ACCOUNTS**

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## 1. THE PERFORMANCE REPORT

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### CHAIRMAN'S FOREWORD

2015/16 was the fifth consecutive year of record visitor numbers and the best ever year for foreign exchange earnings, underscoring the world's continuing desire to visit Britain. This was also a year in which domestic tourism returned to growth, with an 11% increase in overnight trip volumes to England, while expenditure reached an all-time high.

I am delighted to report that the Tourism sector is making a significant contribution to Britain's long-term economic wellbeing by growing direct employment for 1.6 million people, as well as generating around £22 billion in foreign currency earnings.

The British Tourist Authority (BTA) is responsible for the activities of VisitBritain and VisitEngland and has the simple goal of inspiring:-

- Foreign travellers to explore Britain, and
- British residents to experience the best Britain can offer - across all its nations and regions.

Following the publication of the BTA Triennial Review at the start of 2015/16, work began to explore the benefits of separating the VisitBritain and VisitEngland brands into two separate entities. This project was overtaken by the publication of the Comprehensive Spending Review (CSR) in the autumn of 2015 which concluded that, in a tight financial environment, the costs of separation materially exceeded the benefits. Accordingly the Government asked the BTA to create a single unified organisation reducing overheads and liberating a greater share of our funding and resources for marketing. Thanks to a concerted effort from the BTA leadership team this was completed before the end of the financial year with only limited distraction from our marketing delivery programmes.

During 2015/16 we benefited from the creation of the Northern and South-West Tourism Growth Funds which supported regional tourism development through a wide range of activities; business visits & events, campaigns and new products - many of which were implemented through public-private partnerships. Our experiences during the year demonstrated the value of a more integrated approach to domestic and international activities.

One of our core programmes during the year was focused on developing the skills and infrastructure needed to be effective in an increasingly digital world. Our award-winning digital platforms for both consumers and industry are playing a key role in our global marketing strategy, helping us to cut through the crowded digital landscape. The website is a valuable information hub for people looking to find out more about Britain as a destination as well as a source of powerful tools to engage, support and connect with the industry.

Social media is a vital component of our marketing strategy. We are strongly positioned on Twitter, Facebook, YouTube, Flickr, Pinterest, Instagram, WeChat and Weibo. These platforms allow us to engage actively with our target audience, ensuring they feel part of a connected community.

Digital capabilities are at the heart of our marketing activities. We work closely with our devolved partners and the English regions to provide curated content and distribution pathways for England and Britain.

We are also a key delivery partner for the "GREAT" campaign – domestically and internationally. Our work focusses on highlighting the appeal of all the nations and regions of Britain as tourism destinations to international travellers and British residents.

Our consumer marketing campaigns are supported by our work with the international travel trade and intermediaries to ensure that customers can easily book regional destinations.

**Chairman's Foreword** *(Continued)*

One of our key strengths is the ability to develop successful partnerships with the private sector both domestically and internationally. These leverage the value of the Government's investment in tourism. Alongside this, we continue to engage proactively with public diplomacy partners to support the Government's prosperity agenda.

At an industry and market level, our teams act as a route to market for many small tourism businesses through our travel trade, digital and retail activities and provide advice and support to tourism providers in England on setting up their tourism business, as well as destinations.

As a trusted advisor to Government and industry on tourism issues, particularly those that affect the UK's international competitiveness, we have provided policy solutions, market intelligence and customer insights which inform the Government Strategy and help to support a more joined-up approach across relevant Government Bodies.

The debates about governance and organisational structure this year and the subsequent structural changes to the BTA were exceptionally demanding for all concerned. I want to thank all our staff and the VisitBritain and VisitEngland Board members for their hard work and to recognise the exemplary commitment and leadership of Sally Balcombe our CEO. They all contributed to delivering a great year for British tourism.

A particular debt of gratitude is due to Dr. Mike Cantlay OBE, former chairman of VisitScotland and Dan Clayton-Jones OBE, former appointee of the Welsh Assembly who both stepped down from the VisitBritain Board during the year and also to James Beresford, who left us in January 2016 after a successful 6-year tenure as Chief Executive of VisitEngland. James' knowledge, engagement and passion for the England Tourism sector was invaluable. On behalf of the Board and the whole English Tourism industry I would like to thank him for his work and commitment.

It is a pleasure to welcome our new BTA Board Directors; Lord Thurso, as the Chairman of VisitScotland and Margaret Llewellyn OBE appointed by the Welsh Assembly.

With our organisational changes behind us we can now look to the future with excitement and confidence.

**Christopher Rodrigues CBE**

## OVERVIEW

### Chief Executive Report

We concluded 2015/16 with another record year for tourism; more international visitors than ever before visit Britain, while domestic visitors enjoying a staycation spent a record amount in England. In the UK the value of inbound tourism has grown from £13.9 billion in 2003 into the country's third largest service export worth £26.2 billion in 2013. Tourism has continued to deliver jobs even in times of economic uncertainty – almost 1 in 10 jobs in the UK are in tourism-related industries and jobs in the sector are growing at almost double the rate of the rest of the economy.

The 2015/16 financial year has been a transitional year for both VisitBritain and VisitEngland. Following the publication of the Triennial Review in March 2015, the organisations worked to implement the new recommendations; VisitEngland with a clearer remit on domestic marketing and a new focus on the development of English tourism products. VisitBritain and VisitEngland worked together on a range of activities such as the Rugby World Cup, the Regional Growth Funds, supporting regions hit by the floods, and B2B events. We worked closely with the Government and the wider industry to provide expertise, advice and support.

VisitBritain continued to deliver the GREAT tourism programme worldwide through campaigns such as *Home of Amazing Moments*, *Bond is GREAT*, and a range of different partnerships. Public relations were a key activity and contributed to developing VisitBritain's digital presence by reaching influencers online, while the digital transformation programme has driven improvements in our digital platforms.

*Holidays at Home are GREAT*, the *Year of the English Garden 2016*, and *Home of Sport* were some of VisitEngland's key marketing activities in 2015/16. VisitEngland led the work on the various regional funds and focused on tools, events and projects (Business Support Hub, Twitter Hub, Access for All, and English Tourism Week) to support destinations and businesses develop their activity.

In July 2015, the Prime Minister confirmed the Government's commitment to further growing the industry, publishing a five-point plan *Backing the Tourism Sector* that set out how the benefits of this growth would be spread across Britain. And this was followed by the Comprehensive Spending Review which concluded with a favourable four-year funding settlement, from 2016/17, for VisitBritain/VisitEngland with core budgets unchanged and the establishment of a £40m Discover England Fund to develop world-class English tourism products. Since then we have also secured £23.3 million from 2016/17 from the GREAT budget for international and domestic marketing.

The settlement also stipulated that VisitBritain and VisitEngland would work more closely together, with the combined organisation focused on:

- Marketing the nations and regions of Britain overseas to drive growth in leisure and business tourism;
- Maintaining distinct activities to develop and market English tourism.

So consequently in the final quarter of 2015/16, the BTA restructured organisationally to meet the Governments' agenda and ensure we can meet the future challenges in a highly competitive and changing market. We have sought to build more flexibility in our overseas network through a hub and spoke approach, with more senior people at the hubs and in central teams. Our nurture market strategy will evolve into a rest of the world strategy as we can engage in markets as opportunities arise.



### Chief Executive Report *(Continued)*

In London, we have integrated teams delivering Britain and England activity as well as a distinct England division focused on the delivery of the new Discover England Fund. Staff work collaboratively on projects across the organisation, and this project based approach will be supported by a central Project Management Office and streamlined business processes. In this change process we have incurred additional one-off costs related to staff exit and office closure costs.

We have also delivered the savings and productivity gains across a number of areas of our business as set out in our business plan; most significantly our Shared Business Services operation and Digital Transformation programme. We have managed a number of cost pressures; in particular the change this year to our VAT recovery methodology has resulted in a significant increase in the cost of irrecoverable VAT which will continue to be a pressure into future years; we also saw increases in staff costs – as this was a transitional year and faced with some uncertainty about future funding, we held-off permanent recruitment in some areas instead increasing temporary staff numbers, with marginally higher cost, in order to achieve objectives and targets. We have also sought to address longer term liabilities in relation to the BTB pension scheme deficit, making an additional contribution to the deficit recovery plan for the second consecutive year.

During 2015/16 we have made good progress from the perspective of governance and operational effectiveness. We commenced a programme to review internal processes and operating practices; in particular improving policies and procedures around procurement. The BTA has also agreed a revised process for its advertising and media requirements, using the OJEU “Light Touch Regime”, which has been approved by Cabinet Office and DCMS.

It's been a successful year for our partnership strategy; we have extended our long-term relationships with The Premier League, companies in the digital market who provide extended reach and insights into markets and consumers, and developed new relationships with carriers such as Turkish Airlines. These partnerships provide opportunities to promote Britain as a destination and improve connectivity for tourists. While partnership income has fallen in comparison to previous years, partly due to the transition to new partner contract arrangements, we have identified significant value in the non-financial elements of such partnerships. However, we have ambitions in the coming year to increase partnership income.

### Corporate Priorities 2016/17

Looking to the future, alongside our ambition to grow international visitors to 40 million by 2020, spending £31.5 billion, we have targets to deliver 1.5% above IPS<sup>1</sup> growth to the nations (England, Scotland and Wales) attributed to our actions. England activity will be focused on the successful delivery of the Discover England Fund, supported by research (some of it statutory) and domestic marketing under the GREAT Holidays at Home banner. This will be set out in the England Action Plan.

With clarity on our baseline funding and remit we have reviewed our priorities and focus.

Our strength continues to be that we know customers and markets. We need to think about how we win with our core customer segments in our key markets to ensure we have cut through. That means continuing to be outcome focused. We need to drive conversion and advocacy as well as aspiration to travel. Our new work on product development will be focused on delivering the right product to the right customer at the right time.

Partnerships will be fundamental to everything we do. We will be an enabler, building alliances to achieve common aims. We will step up our relationships with our strategic partners, the tourist boards for Scotland, Wales and London, to achieve these ambitions. Ensuring collaborative and cooperative working across the organisations, sharing our expertise and experience, planning campaigns in a transparent and collegiate way supporting the strategic partners' priorities, using our resources to support every part of Britain and guaranteeing coverage through our communications channels.

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<sup>1</sup> IPS – International Passenger Survey

**Chief Executive Report** *(Continued)*

The GREAT programme has changed the way in which we work with public diplomacy and GREAT partners – the FCO (Foreign & Commonwealth Office), UKTI (UK Trade & Investment), British Council and UKVI (UK Visas & Immigration). There is an opportunity here for us to harness the influence of these Government agencies to amplify our message and build our global footprint. In markets our teams now sit on the FCO platform and have close links to FCO colleagues.

We are seen by Government as a successful driver of commercial revenue. We want to continue to attract private sector money in the future to build our marketing pot; the ambition here will be building partnerships that are about more than money; accessing customers who have easy access to travel, data and intelligence to inform our strategy and brand partners who appeal to our target customers and extend our reach. We have grown our online retail operation which continues to make a positive net contribution to our financial position in 2015/16. We have ambitious plans to grow this as well as to review the organisation's platforms and activities to ensure we drive commercial revenue wherever possible.

We will be more interventionist in our B2B activity; broadening our engagement with product distribution intermediaries in key international markets, working with traditional tour operators and travel agencies, but also more with online travel agencies, metasearch and aggregators. The focus will be on making proactive strategic interventions to solve their problems in building the range and availability of bookable product and increasing sales of Britain. We will also continue to produce tools and platforms that enable our industry to access international markets.

We will re-enter the business visits and events sector, at a Britain level, supporting Events are GREAT activity to add value to devolved and city activity. At an England level we will continue to support English cities and regions. Many of the interventions we want to support - product development and distribution, route support, improving visa policy, building welcome programmes – will not be delivered in a year. We will need to manage projects across a 3-5 year timeframe.

Our world is digital and we are transforming into a digital organisation; enabling us to deliver across a global footprint with our communications channels. But we still need people in markets to deliver our customer and market knowledge, work with local trade and influencers and tailor the global proposition.

Our customer focus has shifted our digital strategy from driving people to our websites to getting content to our targeted customers on the media they are naturally looking at. We will use data and analytics to deliver a more tailored offer, ensuring we reach our targeted customers with appropriate content at every stage of the customer journey. We will work with our partners to drive through to bookable product and deliver conversion. Our content will be our key asset as we become a curator and distributor as well as a creator of content. We need to speak to people in their own language and build advocates for England and Britain who amplify our messages in their own social channels.

## Purpose, Objectives and Activities

### Purpose

The British Tourist Authority (BTA) is a Non-Departmental Public Body funded by the Department for Culture, Media and Sport (DCMS). The functions, duties and powers of the BTA are set out in the Development of Tourism Act 1969 (the Act). The Act defines BTA's functions as:

- Encouraging overseas visitors to come to Great Britain;
- Encouraging people who live in Great Britain to take their holidays in Great Britain;
- Promoting the provision and improvement of tourist amenities and facilities in Great Britain.

BTA also has a duty to advise ministers and public bodies on tourism matters in Great Britain.

The English Tourist Board (ETB, also known as VisitEngland) is the dedicated tourist board for England and has similar functions and the same duty under the Act in relation to England but does not have power to encourage overseas visitors to come to England unless it is acting on behalf of the BTA. Since November 2015, the ETB provides advice on English tourism matters to the BTA Board. This is now an advisory board responsible for advising the executive and Board of the BTA on how best to deliver English activity through an England action plan, and monitor its implementation.

### VisitBritain 2015/16 Corporate Objectives

VisitBritain is the strategic body for inbound tourism. VisitBritain's mission is to build the value of tourism to Britain, working in partnership with the industry, nations and regions. In 2015/16, VisitBritain's four-point strategy to increase overseas visitor spend to all parts of Britain and improve Britain's ranking as a global destination was to:

1. Inspire travellers from overseas to visit and explore 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.

**Purpose, Objectives and Activities** *(Continued)*

**VisitEngland 2015/16 Corporate Objectives**

VisitEngland is the National Tourist Board for England. It ensures the success of tourism in England by driving forward the quality, competitiveness and sustainable growth of England's visitor economy.

In 2015/16, VisitEngland's corporate objectives were 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 VisitEngland 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 VisitEngland as the primary source of expertise on English tourism and its visitor economy and make this expertise and intelligence widely accessible to our 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; and
5. Support Government to achieve its policy aspirations as appropriate and relevant to VisitEngland.

**Our Network**

Around 75% of Britain's inbound tourism comes from the 21 markets where VisitBritain has a physical presence, spanning Europe, America, Asia Pacific and the Middle East. VisitBritain activity reaches a global audience to ensure that it captures the growth from some of the buoyant secondary markets, such as Malaysia, South Africa, South Korea and Turkey.

Through our network we gather market intelligence, develop and maintain relationships with international media and influencers, work with the trade to ensure that Britain is being sold to the customer, secure partners on-territory and also look after public diplomacy liaison. We also ensure that relevant content is distributed to the customer through the most appropriate channels.

Our approach is global, thanks to our focus on Europe, the Americas, Asia Pacific, Mid East & Africa and China & North East Asia as well as our new 'Rest of the World' strategy. This approach aims to work closely with HMG partners both in London and overseas to grow our understanding of tourism to the UK and its potential and the levers for growth.

The focus is now on the development of regional tourism product working with the overseas travel trade, UK travel industry and commercial partners. This activity helps VisitBritain deliver its objectives of providing access to international markets for the UK industry, building a range of Britain regional product and ensuring the right product is available to the end consumer in the right place at the right time.

## Purpose, Objectives and Activities *(Continued)*

### **2015/16 Key Activities**

2015/16 has been a transitional year for both VisitBritain and VisitEngland. Following the publication of the Triennial Review in March 2015, the organisations worked to implement the new recommendations; VisitEngland with a clearer remit on domestic marketing and a new focus on the development of English tourism products.

During the 2015/16 financial year, VisitBritain and VisitEngland worked together on a range of activities such as the Rugby World Cup, the Regional Growth Funds, supporting regions hit by the floods, and B2B events. We worked closely with the Government and the wider industry to provide expertise, advice and support.

VisitBritain continued to deliver the GREAT tourism programme worldwide through campaigns such as *Home of Amazing Moments*, *Bond is GREAT*, and a range of different partnerships. Public relations were still a key activity and contributed to develop VisitBritain digital presence by reaching influencers online while the digital transformation programme kept improving our digital platforms. The retail team focused on improving the online experience for travellers which increased conversion rates straight away.

*Holidays at Home are GREAT*, the *Year of the English Garden 2016*, and *Home of Sport* were some of VisitEngland's key marketing activities in 2015/16. It led the work on the various regional funds and focused on tools, events and projects (Business Support Hub, Twitter Hub, Access for All, English Tourism Week...) to support destinations and businesses develop their own activity.

In the latter part of the year, the announcements from the Government's Comprehensive Spending Review 2015, reinforced the role of the BTA and its two trading entities over the next Parliamentary period (see page 15 for more details).

## **Risk Management**

BTA's strategy is to recognise that good risk management can add value to its work by increasing the likelihood that the organisation will achieve its objectives and targets and by enabling it to take action to reduce the impact if something goes wrong. Good risk management also enables VisitBritain and VisitEngland to exploit opportunities in a managed way. It helps us to use resources more effectively and leads to better decision-making and management of activity. At the heart of our risk management process are documented procedures and an integrated system of planning, allocation of responsibilities and budgetary control.

We aim to manage risk at an appropriate level to achieve and our policies, aims and objectives. We cannot eliminate all risk, but we do aim to reduce risk to such a level as is reasonably practicable. The risk management policy encourages the taking of controlled risk designed to maximise new opportunities and to promote the use of innovative approaches to further the interests of BTA and to achieve its objectives, provided the resultant exposures are within our risk appetite.

Our corporate risk register is kept under review by the Executive, Boards and Audit Committee and the principal risks and uncertainties receive a high level of scrutiny within our internal audit work programme.

Our targets are primarily related to increasing visitor numbers and spend: in VisitBritain's case, the ability to deliver can be affected by changing economic factors such as strengthening of sterling and, changing conditions in market and economies; changes in air capacity or world events such as terrorist attacks and pandemics. Any of these factors can lead to potential visitors deciding not to come to Britain. We therefore endeavour to maintain the flexibility to rapidly switch our activities between markets to mitigate any detrimental effects.

**Risk Management** *(Continued)*

Risks of this nature also threaten VisitEngland's ability to meet its targets: for instance a strengthening pound or poor weather can lead to UK residents substituting a domestic holiday with an overseas one. However, they can also present opportunities as we saw when the 'staycation' effect was at its height during the recent UK recession.

As an international organisation, we trade in several currencies around the world and are therefore exposed to movements in currency markets. BTA believes that forward purchases of currencies provide a measure of budgetary stability for overseas operations and represents the most effective approach to mitigating foreign currency risk. A Foreign Currency Policy is in place which complies with the guidance in Managing Public Money. Prospects for future years will continue to be influenced by the strength of sterling relative to other foreign currencies.

BTA's share of assets and liabilities in the British Tourist Board pension scheme were subject to an actuarial valuation at 31 March 2016. Work is under way to seek agreement between the employers and the Pension Trustees to agree proposals for a deficit recovery plan that reflects the share that each should pay in the light of the latest revaluation.

HMRC (HM Revenue & Customs) advised us that they wished to formally review the VAT scheme and bring it more into line with recovery schemes put in place for other tourist bodies. Discussions with HMRC were ongoing through the year and finalised in April 2016. BTA has agreed with HMRC a new scheme for recovery of VAT Input Tax to reflect a mix of statutory and business activities. The new methodology was applied retrospectively and as such effective from 1<sup>st</sup> April 2015, and therefore the BTA had to manage and provide for the tax liability throughout the year.

## Basis of Preparation and Going Concern

The financial statements have been prepared on a going concern basis, which assumes that BTA will continue in operational existence for the foreseeable future. At the year-end 31 March 2016, BTA had a taxpayers' deficit of £26,491,000 (2014/15: £23,772,000).

The Board has considered the position of BTA, with respect to its obligations, to ensure the business can continue in operational existence for the foreseeable future and confirms its approval to adopt the going concern basis for preparing these accounts.

The main factors the Board of BTA have considered in reaching this conclusion are summarised as follows:

- BTA is a non-departmental public body that is funded by the Department for Culture, Media and Sport (DCMS) through the Comprehensive Spending Review (CSR) process.
- BTA operating cash flows, taking into consideration Grant in aid funding, remains positive and based on current forecasts and budgets it will continue to do so for the foreseeable future;
- The taxpayers deficit is considered to be primarily caused by the retirement benefit obligation and related actuarial losses recognised in 2010 in the amount of £21,714,000 and which reflects a balance of £29,463,000 at 31 March 2016;
- Negotiations with the UK Pension Trustees are in progress in respect of the Triennial Actuarial Valuation, which aims to reschedule a programme of repayments to clear the deficit, underpinned by support from DCMS. It is expected that this process will be concluded during the 2016/17 financial year.

On this basis, the Board considers it appropriate to prepare the financial statements on a going concern basis.

Sally Balcombe  
Accounting Officer  
BTA  
27 June 2016

## PERFORMANCE SUMMARY AND ANALYSIS

### Performance Summary

#### VisitBritain Performance on 2015/16 Priorities

2015/16 Priority	Performance
<b>Delivery</b>	Overall VisitBritain activity focused on promoting Great Britain overseas.
Drive the tourism promotion of Britain, its nations and regions overseas	2015/16 key campaigns: <i>GREAT Britain, Home of Amazing Moments, Bond is GREAT, GREAT</i> press trips, partnerships, GREAT UK Challenge Fund... (see section C. of the Performance Report of the Year)
Continue to deliver the GREAT tourism programme, including the cities and regions fund	Full evaluation will be available later in the year.
Deliver on regional dispersal and other targets as set by DCMS	Eight main business events, including Destination Britain APMEA and Americas, VIBE and Explore GB. (see section E. of the Performance Report of the Year)
Undertake international business events promotion at Britain level, working alongside UKTI and other GREAT partners and for England, when funded	Rugby World Cup covered through press trips, partnerships and trade events, with media from all regions (South Africa, Argentina, Japan, France, Canada, UAE, Hong Kong...).
Work with partners to maximise the tourism benefits of the Rugby World Cup through international PR, digital and social media promotion in core and nurture markets	(see section D. of the Performance Report of the Year)
Support the development and delivery of funded projects including Tourism in the North, Loch Ness, Yorkshire, South West and Chinese Visa projects	GREAT UK Challenge Fund, Northern and South-West Tourism Growth Funds, Loch Ness, Yorkshire and Chinese Visa Refund Scheme Campaigns were delivered and are under evaluation. (see section C. of the Performance Report of the Year)

#### **Business improvement**

Develop our partnership strategy with a view to growing overall amount of funding	A number of partnerships were developed; enabling reach to new customers in a number of markets. (see section C. of the Performance Report of the Year)
Continue to deliver the digital transformation programme across VisitBritain's platforms	The new trade, consumer and corporate websites have been delivered. To date the digital transformation programme has delivered £0.54 benefits per annum, 9 months ahead of schedule, and £0.3m under budget. (see section F. of the Performance Report of the Year)



British Tourist Authority trading as VisitBritain and VisitEngland  
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Performance Summary (Continued)

2015/16 Priority	Performance
<p><b>Policy</b></p> <p>Collect and analyse market data for insights to support industry, guide our activity and advise Ministers on tourism</p> <p>Develop and implement our strategy in response to the comprehensive spending review post-election</p>	<p>Supported No 10 and DCMS on the Five Point Plan for tourism and on developing relationships with China; provided briefings to MPs, Lords and Ministers for Parliamentary; and published and communicated our research and evaluation results. (see section I. of the Performance Report of the Year)</p> <p>New structure, priorities and strategy proposed and agreed before the end of the financial year. (see "VisitBritain and VisitEngland Strategic Priorities in 2016/17" section)</p>
<p><b>Organisational</b></p> <p>Work through the recommendations of the Triennial Review and deliver an agreed implementation plan</p>	<p>Following the recommendations, VisitBritain focussed only on international tourism. The Shared Business Services developed a plan for the separation of VisitEngland and VisitBritain. The implementation of the plan was initially suspended pending CSR15 then closed following the CSR15 announcement. (see section H. of the Performance Report of the Year)</p>
<p>Deliver a minimum of £441,000 of efficiency savings in shared services by the end of 2015/16</p>	<p>We have delivered £450,000 in budget savings to the organisation through both internal reductions and savings in third party contracts. (see section H. of the Performance Report of the Year)</p>
<p>Perform a review of Business Services, set priorities for implementation and reach a swift efficient conclusion before end of 2015/16</p>	<p>Review of the Business Services undertaken, engaging representatives across the business as a whole; establishing baseline costs and service provision compared to other public/ Government sector provision. (see section H. of the Performance Report of the Year)</p>
<p>Maintain emphasis on the importance of evaluation processes and data based decision-making</p>	<p>We continued to evaluate our campaign and digital activities, B2B and B2C activity, GREAT, domestic brand and regional fund campaigns to support the UK tourism industry and to underpin our decision-making and competitive analysis.</p>
<p>Continue to grow commercial income and increase net contribution from retail</p>	<p>Our retail activity has delivered a net contribution of £1.8m in 2015/16 (10% above target). (see section G. of the Performance Report of the Year)</p>

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Performance Summary (Continued)

VisitEngland Performance on 2015/16 Priorities

2015/16 Priorities	Performance
Delivery	
Deliver the transition plan to implement the findings of the Triennial Review	<p>Following the recommendations, VisitEngland focussed only on domestic tourism and with new emphasis around product development. Work undertaken to redesign organisational resources, capacity and competencies was later used in the BTA organisational redesign post CSR15.</p> <p>The Shared Business Services developed a plan for the separation of VisitEngland and VisitBritain. The implementation of the plan was initially suspended pending CSR15 then closed following the CSR15 announcement.</p> <p>Shared Business Services review was initiated and then suspended post CSR15 announcements. Some of the learning and development of ideas have been incorporated into the organisational redesign and efficiency plans for 2016/17. (see section H. of the Performance Report of the Year)</p>
Complete the consultation and publish the refreshed Strategic Framework for Tourism in England	<p>Consultation complete in March-May 2015, workshop held in November with local destinations. Following the CSR announcements, the Strategic Framework will be integrated into the VisitEngland Action Plan. (see section I. of the Performance Report of the Year)</p>
Deliver and evaluate the Government Funded Programmes for 2015/16	<p>GREAT UK Challenge Fund, Northern and South-West Tourism Growth Funds, Hadrian's Wall Connect Project, North-East and Yorkshire Campaigns were delivered on time and on budget and are being evaluated. (see section C. of the Performance Report of the Year)</p>
Continue to deliver Rugby World Cup 2015 activity in partnership with England 2015, sponsors and host cities to maximise the benefits and legacy of the Rugby World Cup	<p>Rugby World Cup covered through press trips, partnerships and trade events across England. (see section C. of the Performance Report of the Year)</p>
Deliver the annual statutory research programmes and communicate to the industry the insights and trends that they indicate	<p>Programmes delivered and made available on VisitEngland website, through all its communication channels and via a series of events and papers. (see section I. of the Performance Report of the Year)</p>

## **2015/16 National Policy Context**

In March 2015, the Department for Culture, Media & Sport (DCMS) published its Triennial Review of VisitBritain and VisitEngland and concluded a continued need for the core functions of both organisations. However their roles and responsibilities needed to be clarified and, as a result, it was recommended they would formally separate. VisitBritain would focus on the international tourism promotion of Britain and its nations and regions and VisitEngland on the development of standout tourism products (through the management of an English tourism challenge fund) and domestic marketing.

While VisitBritain and VisitEngland started to implement some of the recommendations, most of them depended on the results of the Comprehensive Spending Review which would determine the organisations' funding and have a major influence on their future.

### **2015 General Elections**

The United Kingdom general election on 7 May 2015 saw David Cameron form the first Conservative majority government since 1992. In the following months, the Chancellor announced measures aimed to bring down public debt in 2015/16. Whereas DCMS received a reduction of 1% in its own budget, the respective core grants-in-aid of both VisitBritain and VisitEngland were reduced by 0.35% for the year as a whole. GREAT funding and tourism growth funds were not impacted by these cuts. This was an excellent result in an environment where other organisations have seen cuts of up to 3% and testament to the value the government places on both VisitBritain and VisitEngland.

Thanks to robust risk management planning in respect of our 2015/16 financial planning, core operational budgets and plans were not impacted as a result of this announcement - the shortfall being covered through the contingency budgets.

### **Government's five-point tourism plan**

On 17 July 2015, the Prime Minister announced the Government's five point plan to boost tourism across the UK, committing not only to promote the UK as a GREAT place to visit for international visitors, but also to expand and develop the offer to tourists to spread the benefits of its growth across the country.

The 5-point plan focuses on the following areas:

- A better coordinated sector – to reduce fragmentation and encourage local attractions and tourism organisations to collaborate to help grow the sector;
- Skills and jobs – to drive and retain talent in the sector to support and encourage growth;
- Common-sense regulation – to sensibly reform regulation in order to drive competition and improve the tourism offer for visitors;
- Transport - by forging innovative links between the transport and tourism sectors to help visitors travel outside of the capital; and
- An improved welcome – to deliver a world-class welcome at the border.

A new inter-ministerial group has been formed with the aim of coordinating and aligning action across Government to ensure that Britain has the right infrastructure in place to make it easy for visitors to discover the best of what the country has to offer.

### **2015/16 National Policy Context** *(Continued)*

The group is headed by the Culture Secretary John Whittingdale, and includes ministers from across Government, including the Department for Communities and Local Government, the Department for Business, Innovation and Skills, the Department for Environment, Food and Rural Affairs, Home Office, and the Foreign and Commonwealth Office. Ministers from the Scottish, Welsh and Northern Ireland Governments will also be invited to join the group when relevant.

### **The Comprehensive Spending Review (CSR) and its implications**

Throughout the year, VisitBritain and VisitEngland worked on building their respective cases for the spending review and autumn statement which would determine their funding from 2016/17 onwards.

The financial settlement outlined in the Spending Review for both VisitBritain and VisitEngland, with core budgets unchanged, an additional £40 million for the Discover England Fund and an uplift in the GREAT monies was positive, and a real endorsement of the value of the tourism sector.

The settlement also clarified a number of new priorities that both organisations would need to deliver on, within the context of the British Tourist Authority. To ensure that both VisitBritain and VisitEngland's activities are co-ordinated and aligned and that maximum funding is channeled to front line delivery, the Government announced that VisitBritain and VisitEngland would not separate, and therefore in terms of governance arrangements, VisitEngland would continue to report into the British Tourist Authority and the VisitEngland board would be an advisory body.

Following the CSR announcements in late November 2015, both VisitBritain and VisitEngland were required to move quickly to define the implications of the settlement and the subsequent organisational redesign.

The new priorities, focus and structure of VisitBritain and VisitEngland are detailed at the end of the Performance Report (page 36).

## VisitBritain and VisitEngland Performance Report for the Year

### A. 2015/16 Key Performance Indicators

#### VisitBritain

Core Marketing Programme	Indicator Description	Definition	Result for 2014/15	Result for 2015/16	Status
	Incremental Visitor Spend	The amount visitors spend in Britain that resulted from VisitBritain interventions	£769m	Not yet available <sup>2</sup>	n/a
	Marketing & PR Spend	Grant-in-aid spent on Marketing and PR	£10.9m	£10.6m	On target
	Partner Contribution (Cash and In-kind Offers)	Cash and In-kind contributions from partners to VisitBritain activities	£9.5m	£9.7m	On target

GREAT Campaign	Indicator Description	Definition	Result for 2014/15	Target for 2015/16	Results For 2015/16	Status
	Additional Visitor Spend	The estimated visitor spend in Britain that resulted from VisitBritain interventions	£266m (Target £200m)	£277m	Not yet available <sup>1</sup>	n/a
		Cash contributions from partners to VisitBritain activities	£4.8m (Target £4.3m)	£3m	£3m	On target

Other Indicator	Indicator Description	Definition	Result for 2014/15	Result for 2015/16
	Overseas Presence	Number of top and emerging markets VisitBritain operates in		21

<sup>2</sup> Results not available until autumn 2016.

## VisitBritain and VisitEngland Performance Report for the Year (Continued)

VisitEngland

	Indicator Description	Definition	Results for 2015/16	Status
<b>Holidays at Home are GREAT</b>	Additional Visitor Expenditure	The amount visitors spend in England that would not have happened had there not been VisitEngland interventions, including GREAT and GIA funded activities	£97.2m	On target
	Marketing and PR Expenditure	Grant-in-aid spent on marketing and PR activities, including the campaign <i>Holidays at Home are GREAT</i>	£2.08m	On target

	Indicator Description	Definition	3 Year Target to 2015	Cumulative Results to 31 March 2015	Status
<b>RGF Growing Tourism Locally Project 2012-15</b>	Indirect Job Creation	The number of indirect jobs created as a result of the programme activities	9,139	19,490	Target exceeded
	Incremental Visitor Spend	The amount visitors spend in England that resulted from VisitEngland interventions	£429m	£1.05b	Target exceeded
	Other Eligible Match Funding	Value of additional contributory project funding and the monetised value of in-kind contributions	£12.7m	£14m	Target exceeded

VisitBritain and VisitEngland Performance Report for the Year (Continued)

**B. 2015/16 at a Glance**

**April – June 2015**

**Marketing**

▪ Regional Funds launched

Co-ordination and management of a wide range of regional funds throughout the year (GREAT UK Challenge; Northern Tourism Growth; South-West Tourism Growth; GREAT Inverness Loch Ness; Hadrian's Wall Connect Project; North-East / Scandinavia; Yorkshire Rural Tourism; *Access for All*)

▪ BBC Britain

Launch of a dedicated content portal that told a compelling story of modern Britain, in partnership with BBC Worldwide and British Airways, live all year in our key GREAT markets

▪ Holidays at Home are GREAT

VisitEngland partnership with Aardman to use Shaun the Sheep in the new campaign delivered in partnership with the UK Travel Trade and the National Tourist Boards; incremental spending of £97.2 million (almost £618 million over the four years of the programme)

**Retail**

▪ Retail web platform upgraded

Which led to an increase of the online conversion rates by 20% year on year for 8 consecutive months

**Trade**

▪ BritAgent training tool launched

A new and improved training tool for international travel agents; 800 new registered users in 40 countries (on top of the 25,000 users from the previous programme)

▪ Destination Britain APMEA in Bali

53 UK tourism suppliers and 84 buyers from the APMEA region met and did business over 35,000 appointments (3 times as much as in 2014)

**Supporting industry**

▪ www.visitbritain.org

VisitBritain's new corporate and industry website launched with easier access to data and market intelligence to help tourism businesses make market investment decisions

▪ Business Support Hub

Launch of VisitEngland's knowledge bank of support tools and information for the independent tourism operator

**July – September 2015**

**Marketing**

▪ Rugby World Cup hosted in Britain

VisitBritain and VisitEngland PR teams supported this main sporting event by organising global press trips and welcome media event

▪ Premier League Partnership

Partnership renewed for the eight season, promoting Britain as the home of football through a competition (6,500 entries) and significant press coverage (audience of 1.15 billion people)

**Trade**

▪ Destination Britain Americas in Mexico

198 buyers, suppliers and travel trade media meeting and doing business to grown inbound tourism from the Americas; 5,000 business meetings; North and Latin American tourism buyers and media in one place for the first time

VisitBritain and VisitEngland Performance Report for the Year (Continued)

## October – December 2015

### Marketing

- Bond is GREAT

VisitBritain was the official national tourism partner for the release of *SPECTRE*; Partnership with Sony Pictures Entertainment and Metro-Goldwyn-Mayer Studios; 6 million views of the Bond is GREAT video across more than 70 countries; global Marketing and PR campaign across US, France and Germany

- 2016, Year of the English Garden

Launch in November 2015 via media and trade events; Partnership with P&O Ferry

### Trade

- VIBE, in London and Liverpool

3,000 appointments between UK based tourism suppliers and VisitBritain's overseas and departmental staff to help businesses with their export decisions

## January – March 2016

### Marketing

- GREAT Britain – Home of Amazing Moments

Drive and inspire more visitors to come to Britain by bringing an element of engagement for the first time through #OMGB; Partnerships with British Airways and Qatar Airways

- #OpenforBusiness

Recovery programme to promote domestic and inbound tourism to flood-affected areas; Partnerships with Virgin Trains and Heathrow Airports

- #ShakespeareLives

Co-ordination of a wide variety of Shakespeare related activities to drive visits to Britain to mark 400th anniversary of Shakespeare's death

- New route Beijing-Manchester

Open in June 2016; promotion through a range of marketing and trade activities

### Trade

- Explore GB in Liverpool

300 suppliers and 300 buyers; over 30,000 one-to-one meetings; and 15 familiarisation trips to grow Britain product featured in international trade portfolios

### Digital

- www.visitbritain.org

Launch of a consolidated corporate website for both VisitBritain and VisitEngland – a one-stop shop on tourism for the industry

- www.visitbritain.com

Launch of the new consumer website, merging the contents from the existing website, VB Blog and LoveWall

### Supporting industry

- English Tourism Week

2016 Tourism Superstar; VisitEngland Awards for Excellence; 200 specially arranged themed events; etc.

- Discover England Fund

Delivery of a series of regional roadshows to engage industry on VisitEngland's new role and the £40m Discover England Fund



VisitBritain and VisitEngland Performance Report for the Year (Continued)

### 2015/16 Awards

- Award of Excellence (Travel/ Tourism) for VisitBritain's *LoveWall website*, – 21<sup>st</sup> Annual Communicator Awards 2015
- People's Champ Award for VisitBritain's *Tumblr* – Pixel Awards
- Gold Lion (use of digital platform) and Silver Lion (use of co-creation and user generated content) for *GREAT China Naming* campaign – Cannes Lion D'Or
- Best Integrated Campaign award for *GREAT China Naming* campaign – The Drum Dream awards
- Gold award for *Sounds of Great Britain* – International Tourism Film Festival
- Digital Campaign of the Year award for *England's Hall of Fame* campaign – 2015 Public Sector Communications
- *London* voted favourite destination, for arts and culture – Condé Nast Middle East Traveller Readers' Awards
- Gold (Best Integrated Campaign) for *One Break, Two Cities* campaign, in partnership with Tourism Ireland – MEPRA awards

## VisitBritain and VisitEngland Performance Report for the Year (Continued)

### C. Marketing and Partnerships Activities

#### GREAT Highlights

##### ***GREAT Britain – Home of Amazing Moments***

Launched on 14 January 2016 in Brazil, China, France, Germany and the USA, *GREAT Britain - Home of Amazing Moments* brought together VisitBritain's previous marketing campaigns, promoting Britain's key cities whilst highlighting them as gateways to Britain's countryside - inspiring more visitors to come to Britain and explore culture and countryside offering. For the first time the GREAT brand brings an element of engagement by encouraging industry and visitors to upload and share images through their own social media channels using the hashtag #OMGB (Oh My GREAT Britain).

British Airways (BA) supported the launch of the campaign, with a focus on North America, by allowing consumers to book a flight after they were inspired by the content on omgb.com.

The campaign was also adapted to local markets. In the GCC market (the Gulf Cooperation Council comprising Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman), the campaign involved celebrities who shared their moments on social media, and a partnership with Qatar Airways provided promotional offers to fly into Britain's regional gateways. In China, the campaign focused on literature, food and fashion and users were encouraged to share their moments for a chance to be entered into the British Airways competition.

##### ***Holidays at Home are GREAT***

In 2015/16 VisitEngland partnered with Aardman to use Shaun the Sheep as the main protagonist in the new marketing campaign delivered in partnership with the UK Travel Trade and the National Tourist Boards. The campaign is estimated to have delivered incremental spending of £97.2 million, and over the four years, the programme has delivered incremental spending of almost £618 million.

##### ***Bond is GREAT***

Bond was back in *SPECTRE* in 2015 and once again VisitBritain ran a global Bond is GREAT Britain film tourism campaign in partnership with Sony Pictures Entertainment and Metro-Goldwyn-Mayer Studios across more than 70 countries. As the official national tourism partner for the theatrical release of *SPECTRE*, VisitBritain used a mix of outdoor billboards, print, digital and social media, generating 177 million impacts across US, France and Germany. Results include more than 6 million views of a Bond is GREAT video, while the #HomeofBond tag had the potential to reach over 28 million consumers worldwide. In parallel, a global PR campaign invited travel and lifestyle media to live the Bond lifestyle in Britain.

#### Other Campaigns

##### ***Year of the English Garden 2016***

In celebration of one of England's greatest attractions and to mark the 300th anniversary of Capability Brown – the Shakespeare of English garden design, VisitEngland launched the 2016, *Year of the English Garden* campaign with press events in Paris and London, generating widespread coverage in national, regional and online media.

A programme of domestic and international activity to showcase English gardens and attract visitors throughout England was mounted, including a high-impact digital campaign in France with P&O ferries, consumer and media activity in Germany and The Netherlands and feature areas at the Excursions trade show and the British Tourism & Travel Show.

## VisitBritain and VisitEngland Performance Report for the Year *(Continued)*

### **#OpenforBusiness**

In response to negative coverage of flooding in parts of northern England and Scotland, VisitEngland and VisitBritain worked closely with the No.10 Cabinet Office, DCMS and the affected areas to create a recovery programme to drive awareness that local businesses in affected areas were open for business and boost bookings to affected areas during half-term and Easter breaks.

VisitEngland ran a four-week campaign, supported by media activity, and also partnered with Virgin Trains who offered a 30% discount on all train travels to affected areas (which generated 2,676 rail tickets sold). Griff's Great Britain, an 8-part series on ITV, showcased multiple English locations.

VisitBritain also extended its partnership with Heathrow Airport to support flood hit regions. Running for six weeks, the campaign had a potential reach of tens of millions of British and international passengers across all of Heathrow's terminals.

Interim results indicate 48% of the audience say that the campaign made them a lot or a little more likely to consider the destinations shown for a holiday or short break and 12% of those recognisers having booked accommodation. Overall, we generated 19 pieces of media which had the opportunity to be seen more than 10 million times. Full evaluation and booking data will be available in September 2016.

### **BBC Britain**

In partnership with BBC Worldwide and British Airways, VisitBritain launched a global content hub to drive bookings to Britain from Brazil, China, GCC, Germany, France, India, and USA. Evaluation will be available later in 2016.

### **#ShakespeareLives**

Working with a range of partners around the world, VisitBritain undertook a wide variety of Shakespeare related activities around the anniversary of Shakespeare's death, including a guide for international media, Shakespeare-themed global press trips, digital and social media, trade activity and local competitions. Key markets included the United States, Spain, Italy and Russia.

VisitBritain also partnered with the British Council and the GREAT partners to amplify the tourism message around the Shakespeare Lives in Britain global competition in January. The competition received more than 20,000 entries, and nearly 14,000 opt-ins to VisitBritain's newsletter.

### **Partnerships**

Once again, VisitBritain developed a wide range of partnerships in 2015/16:

- The Premier League, for the eighth season, promoting Britain as the home of football through a competition (6,500 entries) and significant press coverage (audience of 1.15 billion people);
- Expedia – in the US, Australia and the Nordics across GREAT Core, National Tourism Growth Fund and South-West Tourism Growth Fund, via microsites populated with rich content and product for the North and South-West;
- easyJet – in France, Italy, The Netherlands and Switzerland, encompassing the great holiday experiences visitors can have in Great Britain, as well as celebrating the 20 years of easyJet;
- Turkish Airlines – in the GCC market and in India to promote Edinburgh, Manchester, Birmingham and London as gateways to the British countryside;
- Hainan Airlines – in China to promote the new route between Beijing and Manchester

### **Television and Film**

On top of its activity, VisitBritain capitalised on TV and film connections to raise awareness of and drive bookings to Britain. Highlights included its continued partnership with *Downtown Abbey* and a partnership with Turkish Airlines around *Shaandar*, a Bollywood movie showcasing regional Britain and targeting the young upwardly mobile Indian audience.

**VisitBritain and VisitEngland Performance Report for the Year (Continued)**

**Regional Funds**

In 2015/16, VisitEngland led the work on managing the Regional Funds to promote various areas across Britain. Full evaluation of this activity will be available in autumn 2016.

Fund	Markets	Area of Britain	Description	Stakeholders involved
<b>GREAT UK Challenge Fund</b>	GREAT Markets	England Scotland Wales Northern Ireland	<ul style="list-style-type: none"> <li>▪ £2 million initiative - 26 projects funded</li> <li>▪ Part of the overall GREAT Britain Campaign</li> <li>▪ To help eligible education, tourism, trade and investment organisations exploit overseas opportunities in order to create economic growth and jobs</li> </ul>	VisitEngland managed UKCF and acted as the Secretariat to the Programme Board, involving FCO, DCMS, The British Council, UKTI, VisitBritain, the Devolved Administrations and GREAT Britain Campaign Team
<b>Northern Tourism Growth Fund</b>	Australia, New Zealand, China, Germany, The Netherlands and United States	North of England	<ul style="list-style-type: none"> <li>▪ To deliver an additional 2 million visitor nights to the North of England (£177 million in incremental visitor expenditure and 3,280 jobs)</li> </ul>	
<b>South-West Tourism Growth Fund</b>	Australia, New Zealand, Germany, Ireland, The Netherlands, Scandinavia, The United States	South-West of England	<ul style="list-style-type: none"> <li>▪ To generate £60 million in incremental visitor expenditure (1,000 tourism jobs)</li> </ul>	
<b>GREAT Inverness Loch Ness Fund</b>	France, The Netherlands, The United States	Inverness Loch Ness	<ul style="list-style-type: none"> <li>▪ Year one: £2 million</li> <li>▪ Establish the growth potential within the region</li> <li>▪ Initial activity: increasing demand for times of year when capacity exists</li> </ul>	VisitScotland and Visit Inverness Loch Ness

VisitBritain and VisitEngland Performance Report for the Year (Continued)

Fund	Markets	Area of Britain	Description	Stakeholders involved
Hadrian's Wall Connect Project		The corridor of Hadrian's Wall	<ul style="list-style-type: none"> <li>£400,000 over 2 years</li> <li>To increase connectivity and co-ordination across Hadrian's Wall through a range of product development activities</li> </ul>	Northumberland County Council, Northumberland National Park Authority and 8 local authorities
North-East / Scandinavia Marketing Campaign	Scandinavia	North-East England	<ul style="list-style-type: none"> <li>Newcastle Gateshead as the gateway to explore North-East England</li> <li>To promote the high-quality, regional experiences available to visitors</li> <li>To grow overall inbound visitor numbers and deliver a minimum of £1.5 million in incremental visitor expenditure</li> <li>To build relationships with the Nordic travel trade and industry partners</li> </ul>	NewcastleGateshead Initiative
Yorkshire Rural Domestic Tourism Marketing Project	London South-East of England	Yorkshire	<ul style="list-style-type: none"> <li>£500,000 grant-aided</li> <li>Yorkshire as a domestic rural short break destination</li> <li>To deliver £7.5 million in incremental visitor expenditure (139 tourism jobs)</li> </ul>	Welcome to Yorkshire
European Commission: Access for All Project	UK domestic	7 destinations around England	<ul style="list-style-type: none"> <li>€125,000 European Commission grant over 18 months</li> <li>To inform and inspire disabled people to take accessible short breaks around England</li> <li>Generated £32.8 million in incremental visitor expenditure</li> <li>Led to the creation of an Inclusive Tourism Action Group comprising representatives from public, private, charity and financial institutions; facilitated by VisitEngland but owned and chaired by the member organisations; to sustain the impact VisitEngland has made in this area.</li> </ul>	Experience Nottinghamshire, Marketing Birmingham, Northumberland Tourism, Visit Brighton, Visit Kent, Visit Lincoln, Visit Peak District

## VisitBritain and VisitEngland Performance Report for the Year (Continued)

### **China Visa Refund Scheme**

To increase the number of Chinese visitors to the UK, and encourage them to explore more of Britain on their visit, VisitBritain was charged with designing and administering a pilot for a China Visa Refund Scheme – an initiative to refund the approximate cost of a UK visit visa for up to 50,000 Chinese visitors to the UK in 2015/16, via approved tour operators in China.

By the end of April 2016, the scheme had received 16,384 claims and verified and paid 14,700 of them. Due to the nature of government funding, its legal requirements and the market conditions, the Visa Refund Scheme was carried out with a range of restrictions which contributed to a shortfall.

- VisitBritain was the sole government agent appointed to deliver the scheme.
- Each eligible agent could only receive up to a maximum of £150,000 from VisitBritain in scheme refunds - equivalent to a cap of 1,800 UK visit claims per agent.
- The scheme only accepted products with 8 nights stay in the UK.
- The scheme was difficult to implement with the trade due to its complexity.
- The agents had to refund the cost of the visa upfront to consumers first, before submitting an application to claim money back from VB.
- The whole cost of designing, implementing and administering the scheme needed to be managed within a budget of £100,000.

### **Tourist Information**

Following the launch of VisitEngland's new Twitter hub website [www.realtimetravelguide.co.uk](http://www.realtimetravelguide.co.uk) in April 2015 to share tourist information with visitors, partner engagement has grown to a total of 125 tourist information centre and destination Twitter accounts represented on the site. Following two workshops in London and Birmingham, there has been a clear and demonstrable change in the way that partners message through their Twitter accounts which has resulted in a 95% increase in followers, 653% increase in engagement, and a potential reach of 273 million users since the site was launched.

## **D. PR and Media Relations**

### **International Media and Destination PR**

Our overall results have shown that 65% of our coverage is consumed by digital channels, through online travel and lifestyle websites, newspapers and blogs. 12,500 pieces of coverage were generated reaching a potential global audience of billions worldwide.

Highlights of the year include:

- Working with a greater number of bloggers, YouTubers and instagrammers, which has given VisitBritain access to a different audience and grown its sphere of influence;
- VisitBritain Visiting Journalist Programme which brought media and influencers to Britain;
- Increased number of global GREAT press trips to deliver coverage on the GREAT campaign pillar themes, working in alliance with our Strategic Partners and the wider tourism industry;
- Increased editorial content with new content guides and strengthened online media centre, delivering content on all of Britain's regions and campaigns.

### **National Media**

Highlights of England PR activity in 2015/16 include the following:

- St George's Day social media campaign which generated the most click-throughs VisitEngland has ever received for Facebook and the number of re-tweets were around ten times their usual level on that day;
- *Home of Sport*, designed to celebrate English sporting heritage across the country;
- A new partnership with Disney and Egmont Publishing to support the publication of the *Poohsticks Handbook*;
- The first dedicated bloggers' press trip organised by VisitEngland.

## VisitBritain and VisitEngland Performance Report for the Year (Continued)

These campaigns, among others, generated significant coverage in key media, such as press (*The Independent*, *The Sunday Mirror*, *The Sunday Times*, *National Geographic*...), national and regional TV, radio outlets, blogs and saw an increase in the number of the followers on our social media.

### **2015/16 PR Highlight: The Rugby World Cup**

The spotlight was on Britain, with England and Wales hosting the Rugby World Cup in 2015. VisitBritain and VisitEngland seized the opportunity to capitalise on the heightened media interest in Britain to generate significant coverage on visiting England and Britain. Activity included a series of individual and global press trips with 15 journalists from South Africa, Argentina, Japan, France, Canada, UAE and Hong Kong, as well as national titles including *The Times*, *The Daily Telegraph*, *The Evening Standard*, *The Independent* and *The Daily Express*; a co-hosted welcome media event in Rugby; a briefing for the Foreign Press Association at Twickenham; and supporting international rights holding broadcasters, such as South Africa Broadcasting Corporation, and NBC in the US. 334 pieces of print, online and broadcast content were generated as a result of our international media relations activity.

## **E. Trade**

### **Reaching Trade Online**

VisitBritain's dedicated travel trade website has attracted over 67,000 visits from over 140 countries since its launch in 2014. The site supports 9 languages making it easier for the UK industry to reach international travel trade buyers.

In April 2015, we launched a new and improved training tool for international travel agents – BritAgent. The scheme has obtained over 800 new registered users in 40 countries and is re-engaging with over 25,000 users from the previous programme.

### **Travel Trade in England**

England Expert, VisitEngland's online training programme for travel agents, continued to grow with an additional 180 individual travel agents trained in 2015/16 (the total number to date is 1,116). A further 130 travel agents also received face-to-face training through a series of roadshow events organised by *Travel Weekly* and 400 Thomas Cook agents were trained through a series of product training sessions.

VisitEngland organised the annual Big English Breakfast at the ABTA Convention 2015 in association with Bourne Leisure, Hoseason's, Shearings Holidays and Superbreak. A panel discussion was organised covering key topics from innovation to challenges and opportunities facing the sector. This event was attended by 17 media contacts from key national and travel trade titles.

### **International Events**

During the year, VisitBritain organised eight main events around the world, attended by nearly 700 UK delegates and more than 700 buyers, to grow Britain product featured in international operators' programmes. VisitBritain also attended two international exhibitions, taking along 48 UK delegates.

A highlight of the year was the second edition of Explore GB which took place in March 2016 in Liverpool, with 300 suppliers and 300 buyers participating in a total of over 30,000 one-to-one meetings. A gala dinner was held at Liverpool Cathedral and buyers then enjoyed one of the 15 familiarisation trips organised across Britain.

Results will be available later in 2016 and are expected to build on the successes of 2014/15, when VisitBritain's incremental spend from overseas B2B activity was £284 million and UK businesses increased turnover by £2.5 million as a direct result of participating in VisitBritain B2B activity.

## VisitBritain and VisitEngland Performance Report for the Year *(Continued)*

### **Bid Support for Business Visits and Events**

The Ministerial Bid Support Initiative has been managed by VisitEngland, in conjunction with DCMS, since May 2013. It gives English destinations the opportunity to request ministerial support, in the form of bid support letters, to include in bids to host major international business events including association congresses, corporate events and exhibitions. In 2014/15, 11 bid support requests that VisitEngland received secured ministerial letters of support; six of those events have now been won with four lost and one outstanding. In 2015/16 VisitEngland has received eight requests with six letters secured and two outstanding. All these events are currently at bid stage so none have yet been confirmed won or lost.

### **F. The Digital Transformation Programme**

VisitBritain's Digital Transformation Programme, launched in September 2014 to replace existing websites with a single strategic platform underpinned by a new Customer Relationship Management system, has seen phase one deliver £0.54 million of benefits per annum (vs a business case of £0.4m per annum).

#### **2015/16 main deliverables**

- April 2015 – BritAgent, the trade website
- June 2015 – www.visitbritain.org, the corporate/industry website
- March 2016 – www.visitbritain.com, the consumer website
  - Contents from the existing website, VB Blog and LoveWall merged
  - Content management system designed to empower VisitBritain staff in each market to publish content relevant to their local audience
- March 2016 – The consolidated VisitBritain/VisitEngland corporate/industry website and CRM

#### **2015/16 online performance**

- c. 9 million total visits to combined VisitBritain.com, Lovewall and blog
- Facebook: 3 million total page likes on LoveGREATBritain
- Twitter: 320,000 followers to @VisitBritain (+12% YOY)
- Instagram: 200,000 followers to @LoveGreatBritain (+150% YOY)
- Weibo: 610,000 followers to @VisitBritain (+20% YOY)

### **G. Retail**

The VisitBritain online shops sell essential products that many tourists need when they visit the UK, covering airport transfer tickets, train tickets, attractions, tours and sightseeing passes.

In order to develop and improve the online experience for travellers to the UK, an upgraded web platform was launched in June 2015 to ensure that the experience met customer expectations and changing trends in technology. The result has been an average increase in online conversion rates of 20% year on year for eight consecutive months.

Currently the platform sells over 200 products across 12 different country websites in seven different languages. It is on course to deliver £22 million revenue in the financial year ending March 2016, providing a net contribution of £1.8 million to the VisitBritain business. This represents the fifth consecutive year of double digit growth.



## VisitBritain and VisitEngland Performance Report for the Year *(Continued)*

### H. Delivering Organisational Efficiencies

Good governance, along with efficient and effective business processes, serve to ensure the BTA can deliver its strategic and operational plans and secure value for money from the deployment of public money. In general, we have robust systems, policies and procedures in place to ensure that best practice is adhered to in all areas of financial and non-financial governance, but we continually strive to make improvements.

The Shared Business Services team supports the organisation in these endeavours, providing professional and technical advice and support. The team has made significant progress in supporting the recommendations from the Government's Triennial Review and subsequently the CSR15 process and outcomes.

The team led or supported a range of key projects and initiatives in 2015/16 which included:

- Providing support and advice on the organisation design development work and plans for development of new capabilities and competencies.
- Supporting the organisational restructuring in the final quarter of the financial year.
- A review of Shared Business Services which was undertaken engaging representatives across the business as a whole; establishing baseline costs and service provision which were compared to other public/ Government sector provision.
- The development of new technologies to ensure continued support for the global infrastructure of the organisation.
- The development and improvement of business resilience.
- A review of systems and processes to improve operational efficiency and effectiveness.
- A further review contracts to drive efficiency and best value.
- Progressing the Actuarial Pension Valuation; liaising with UK Trustees, The Pensions Regulator and DCMS.
- The agreement of a new VAT recovery methodology with HMRC.
- Providing support to a range of projects and management of the various "Funds".

BTA Shared Business Services made good progress in identifying and implementing a number of efficiency and cost reduction initiatives in 2015/16; delivering £450,000 (TBC) in cashable savings to the organisation through both internal reductions and savings in third party contracts.

Other key business developments included:

- Pension arrangements: both in terms of the Triennial Actuarial Valuation of the BTB scheme in the UK, the pension arrangements in the USA and looking into the future. During 2015/16, the Board approved an outline Pension Strategy, which initiated exploration of future pension arrangement options, with the aim to secure affordable long-term benefits provision for the organisation which is Treasury compliant in the UK and enables the organisation to offer suitable benefit packages.

- Procurement: Following the recommendations of the NAO review in 2014, the BTA has reviewed and put in place a new suite of procurement policies and processes to ensure future compliance and match current government requirements and legislation. Relevant staff have undertaken training for the new procedures and the BTA has renegotiated agreements with private sector sponsors, or entered into new agreements where required, to ensure that public money is spent appropriately within the Cabinet Office mandated approach. The BTA has also agreed a revised process for its advertising and media procurement requirements, which uses the OJEU "Light Touch Regime", and has been approved by Cabinet Office and DCMS.

## VisitBritain and VisitEngland Performance Report for the Year *(Continued)*

### I. Trusted Advisor to Industry and Government

#### **Supporting HM Government**

Alongside their work with partners and the travel trade, VisitBritain/VisitEngland continued to be an essential advisor to industry and government on matters affecting Britain's standing as a leading tourism market, making the case for tourism to be prioritised in policy making. It supported No 10, DCMS and Ministers throughout the years and in the development of the Five Point Plan for tourism and continues to support in its delivery. It also continued to support the wider government agenda, putting on an event for the Chancellor in Chengdu to launch the Northern campaign and supporting the People to People dialogue between the British and Chinese governments.

In 2015/16, VisitBritain has worked with the All Party Parliamentary Groups on China and the Visitor Economy and provided briefings to MPs, Lords and Ministers for Parliamentary debates and overseas speeches. We have responded to a variety of consultations, including:

- The devolution of Sunday trading regulations to the Department for Business, Innovation and Skills (BIS);
- Surface access to airports by the Transport Select Committee;
- Work with UK Visas & Immigration on activity to address some of the misperceptions that both trade and consumers have in some key markets and to ensure that the British visa system is seen as fair and accessible;
- Support innovations such as the new two year visa for Chinese nationals;
- The British Tourism Industry Group and the Welcome Group have continued to meet quarterly in order to discuss issues of interest across the sector and influence VisitBritain's position.

VisitEngland continued to work across central government departments, arm's length bodies and agencies to ensure that the tourism sector benefits from government measures and continues to achieve its growth potential. This included working with the Department for Environment, Food & Rural Affairs on existing and future Rural Development Programmes for England, with BIS on local growth and Local Enterprise Partnerships, with the Department for Communities and Local Government on Coastal Communities Fund and with the Department for Transport on rail initiatives.

VisitEngland has worked with other government departments beyond DCMS and some of their agencies. This has included:

- Representing tourism on the Ofgem/National Grid Visual Impact Provision Stakeholder Advisory Group to inform decisions on projects concerning underground pylons and landscape improvements around power lines in National Parks and Areas of Outstanding Natural Beauty;
- Advising Natural England on the development of national trails and the England Coast Path;
- Advising the Big Lottery Fund on tourism-related projects being considered by the Coastal Communities Fund.

#### **The Strategic Framework**

The mid-term review of the Strategic Framework for Tourism in England, led by VisitEngland, involved over 120 partners and trade associations, representing 75,000 businesses, responding to an online consultation between March and May 2015. The Strategy was developed to take into account industry feedback and a workshop was held in November with over 60 local destination partners to engage them in its collaborative implementation. The timetable for launching the final strategy was revised to February 2016 to take into account the CSR and clarity on the VisitEngland remit and resources.

Following the November announcements, it was agreed to change direction and integrate the strategy work to date into the VisitEngland Action Plan required by the Government and the design and development of the new Fund. A series of regional roadshows were delivered in six locations to engage industry on VisitEngland's new role and the £40m Discover England Fund.

## VisitBritain and VisitEngland Performance Report for the Year *(Continued)*

### **Keeping Industry Informed and Sharing Insights on Tourism**

VisitBritain and VisitEngland's corporate communications channels help keep the industry informed with the latest market intelligence and insights and industry news. All research and evaluation results have been made available on both VisitBritain and VisitEngland websites and disseminated through their communications channels and via industry facing conferences, seminars and events, with refreshed reports, topic papers and infographics developed to support usage and understanding of survey deliverables.

#### VisitBritain:

- The newsletter reaches around 11,000 organisations
- Twitter: 9,500 followers
- LinkedIn group: 4,000 members
- LinkedIn company page: 8,300 followers

#### VisitEngland:

- Website: 20,000 unique visitors and over 65,000 page views each month
- The newsletter reaches around 6,000 organisations
- Twitter: 11,000 followers
- LinkedIn company page: 3,500 followers

### ***Business Support Hub***

Following the soft launch of the Business Support Hub in April 2015, VisitEngland has invested its expertise in developing this unique knowledge bank of support tools and information for the independent tourism operator. The Business Support Hub received 58,856 total visits between April 2015 and mid-February 2016 resulting in over 102,993 unique page views.

### ***Industry Development – National Quality Assessment Schemes***

VisitEngland is responsible for the management and delivery of a range of one-to-one business support services. The majority of these operational transactions are delivered under licence agreement with Quality in Tourism (QiT), a sub-division of G4S.

In 2015/16, VisitEngland has worked with QiT to modernise the offer to businesses and grow awareness of the business support available. A programme of workshops focussing on areas of weakness within the B2B/Guest Accommodation sectors and other sector specific issues was trialled and relationships developed with online travel agents. PR support for the schemes and the sector was increased, standards have been updated to reflect market expectations, and a new partnership have been formed with the British Beer and Pub Association and related brewers to develop a quality standard for pubs.

### ***English Tourism Week***

The fifth annual English Tourism Week campaign, attended by an average of 400 industries, was held from 5 to 13 March 2016. This campaign is designed to provide a platform on which individual business and destination managers can build their own activity or campaign to highlight the richness of their local tourism offer and the contribution the tourism sector makes to the local economy and residents' quality of life. This year, highlights of the Week included the VisitEngland Awards for Excellence which generate substantial media coverage highlighting the breadth, diversity and high quality of the experiences on offer in England, and provide a further opportunity to communicate current best practice and engage industry in developing their product offer.

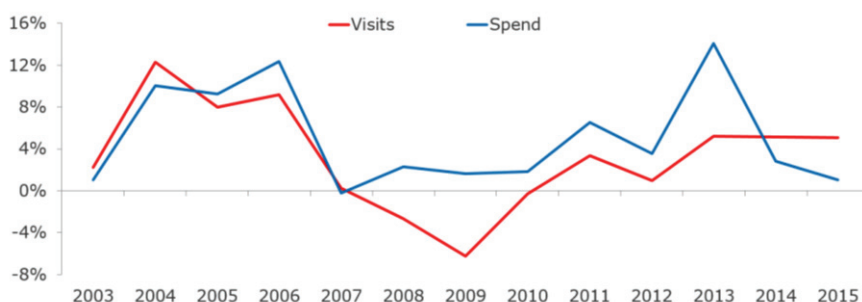
## The Tourism Landscape in 2015/16

### International Trends

#### **2015 Inbound Tourism in Numbers**

- A record equalling £22.1 billion in overseas visitor spend in nominal terms<sup>3</sup>, 1% up on 2014. This is equivalent to spend of £700 per second.
- 36.1 million visits from overseas, up 5% on 2014<sup>3</sup>.

**Figure 1 - Year-on-year Change in Visits and Spending**



Furthermore, the 2015 Anholt Nations Brand Index survey ranked Britain as the 6th most aspirational destination to visit, if money was no object.

#### **Trip Purposes and Destinations**

There was growth across all trip purposes in 2015, compared to 2014 (see Figure 2 below). Both holidays and visits to friends and relatives (VFR) were at record levels. With just over ten million visits in 2015 to see friends and relatives (the first calendar year to reach this milestone), VFR visits jumped 7% from 2014. Holiday visits once again broke records with a 1% increase to 13.9 million<sup>3</sup>. While business travel has yet to match pre-recession performance, the volume of inbound business trips was at its highest level since 2007 and has now had six straight years of growth.

**Figure 2 - 2015 Purpose of Journey in Britain**

Holidays	VFR	Business	Misc
+2%	+7%	+7%	+6%
13.9 million	10.5 million	8.9 million	2.9 million
New record! Up 6% in Q4	New record! Records set in Q2, Q3 and Q4	Still just short of 2006's record	Up 20% in Q3 and 29% in Q4

In 2015, international visits to London and England outside London each rose by 7%. Spending by visitors to London rose by 1% and England outside London by 4%. Visits to Wales grew by 4% in 2015 and spending by 12% although visits to Scotland fell by 4% after strong growth in 2014, with spending falling 8%<sup>3</sup>.

<sup>3</sup> International Passenger Survey revised 2015 figures

**The Tourism Landscape in 2015/16 (Continued)**

**Market View**

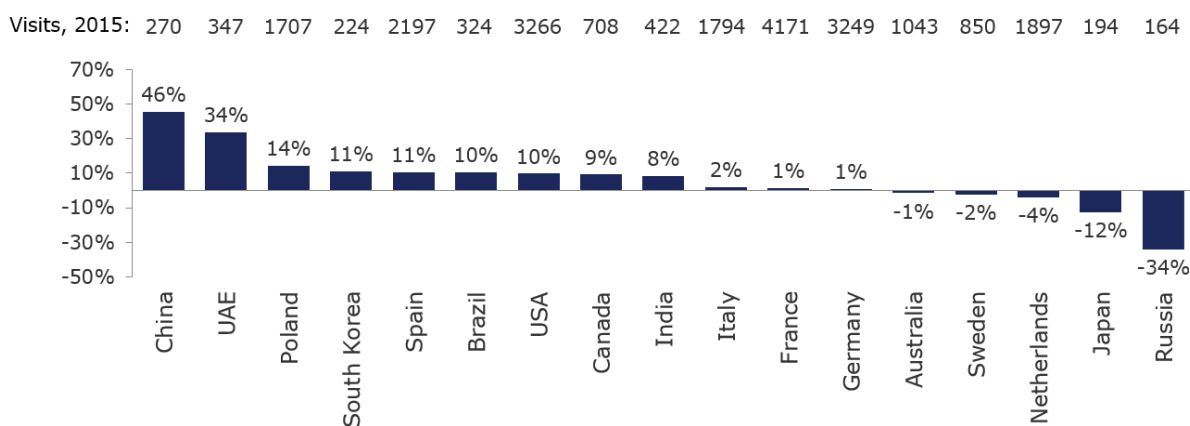
Links to international markets from across the country are seeing improved access, with direct air capacity to the UK up 4% in 2015 compared to 2014, matching the growth in visit numbers. 2016 will see a number of important new air routes; for example, Hainan Airlines will operate a direct flight between Beijing and Manchester four times per week from June 2016. The start of 2016 also saw a more competitive visa regime for Chinese visitors. Furthermore, Air Passenger Duty for under-12s was scrapped in May 2015 and removed for all under-16s in May 2016.

Growth in visits came from a range of markets, across all regions of the world in 2015<sup>4</sup> (see Figure 3 below). There were record visitor numbers from the UK's largest generating region EU15 and from a wide range of long haul markets including China, India, Brazil and the UAE, while volumes from the United States were at their highest since 2007<sup>4</sup>.

China, now the world's most valuable outbound market has grown strongly over the past few years, though with a pause in 2014. Total spending for 2015 stood at £586 million in Britain. Alongside this, there has been strong growth in spending from Oman, Saudi Arabia, Qatar and United Arab Emirates<sup>4</sup>.

However this should be put in the competitive context. Although encouraging, visit numbers from the US (up 10%) still have some way to go before Britain returns to its record level in 2000. And while the UK saw 270,000<sup>4</sup> arrivals from China in 2015, since the start of the decade they have grown more slowly to the UK than to the rest of Western Europe or to the USA, Canada, Australia and New Zealand<sup>5</sup>.

**Figure 3 - Growth in Visits to the UK between 2014 and 2015, and Total Visits in 2015 (000s), by Market**



Looking to 2016, VisitBritain forecasts visits will increase by 3.8% with visitor spend predicted to grow by 4.2%, after two years when average spend per visitor fell. There are a number of risks and economic assumptions that underpin these forecasts, including the exchange rate of sterling against key currencies, especially the US dollar and the Euro, as well as the general state of the global economy. If realised, this growth has the potential to bring economic benefits to the whole of Britain, with the challenge continuing to be ensuring that overseas visitors are aware of why, and how, they should access the product offering outside the capital.

<sup>4</sup> International Passenger Survey revised 2015 figures

<sup>5</sup> Tourism Decision Metrics

## The Tourism Landscape in 2015/16 *(Continued)*

### Domestic Trends

#### **Post-recession Trends**

The onset of the recession in 2008/09, and the corresponding weakening of Sterling, led to an increase in domestic holiday-taking, alongside a decline in overseas travel. Domestic holiday volumes in England were maintained at a high level for four years in the period 2009-13, but 2014 saw a reversal of this trend, with a 9% reduction in holidays taken in England, though numbers still remained above pre-recession levels. Domestic holiday expenditure also declined, but by a lesser extent, with a 4% drop, while overseas holiday taking grew by 4% in both volume and value terms.

2014 also saw declines in domestic business travel (-10% in trip volumes) and Visiting Friends and Relatives (VFR) tourism (-6%) and as a result, the total number of domestic overnight trips in England, 92.6 million, was 9% lower than in 2013, while domestic overnight expenditure, at £18.1bn, was 3% lower in nominal terms than in 2013.

#### **2015 Recovery**

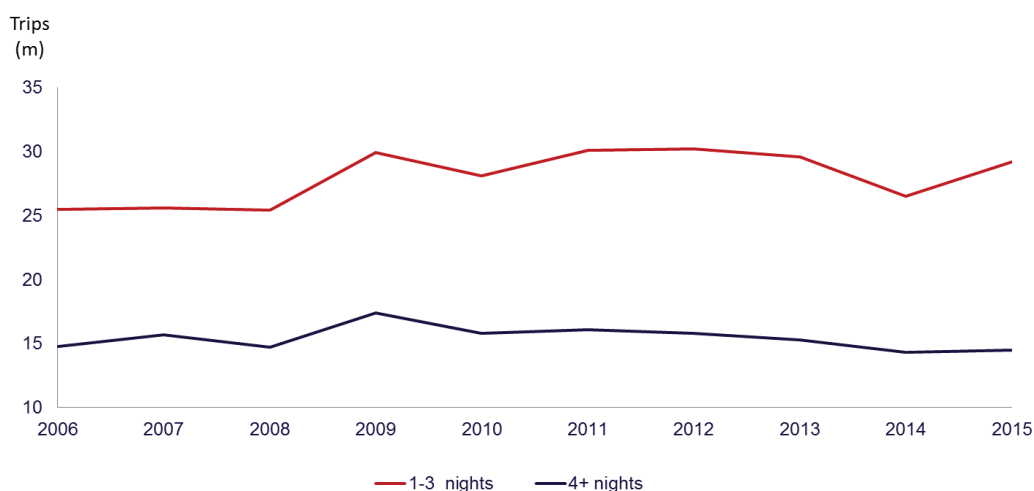
In 2015, domestic overnight trends returned to positive territory. The number of domestic overnight trips taken in England grew by 11%, reaching the highest level since 2012. Spending on these trips rose by 8% to £19.6bn, a record in nominal terms.

The number of holiday trips taken in England by Great Britain residents was 7% higher than in the equivalent period in 2014, while holiday expenditure rose at the same rate. This growth took place at the same time as a 9% uplift in overseas holiday taking, pointing to an overall expansion of the leisure travel market in the UK, likely to have been driven by the more favourable economic environment, with low inflation and real-terms wage increases helping to boost consumer confidence.

#### **Trip Characteristic**

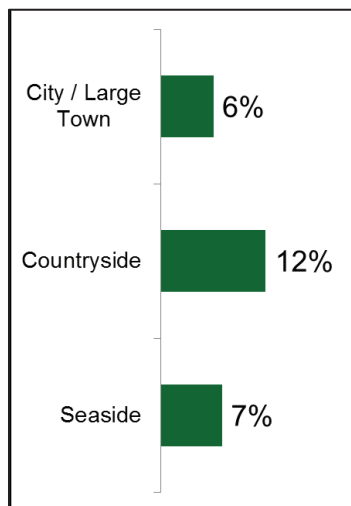
As in previous years, growth trends varied by trip characteristic and demographic. Holiday growth was driven to a greater extent by short breaks (+10%) than by longer trips of 4+ nights (+2%). This is a continuation of the trend towards taking shorter breaks which has characterised domestic holiday travel in recent years (see Figure 4 below).

**Figure 4 - Domestic Holiday Visits in England 2006-2015**



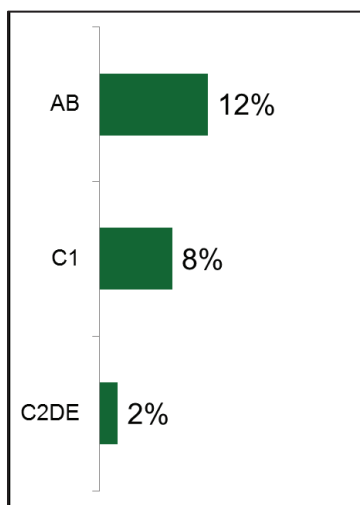
The Tourism Landscape in 2015/16 (Continued)

**Figure 5 - 2014 vs 2015 Domestic Holidays Change in Trip Volumes % Destination Type**



Countryside holidays performed strongly in 2015 (+12%) while seaside holiday volumes grew by 7%, and city breaks by 6% (see Figure 5).

**Figure 6 - 2014 vs 2015 Domestic Holidays Change in Trip Volumes % Social Grade**

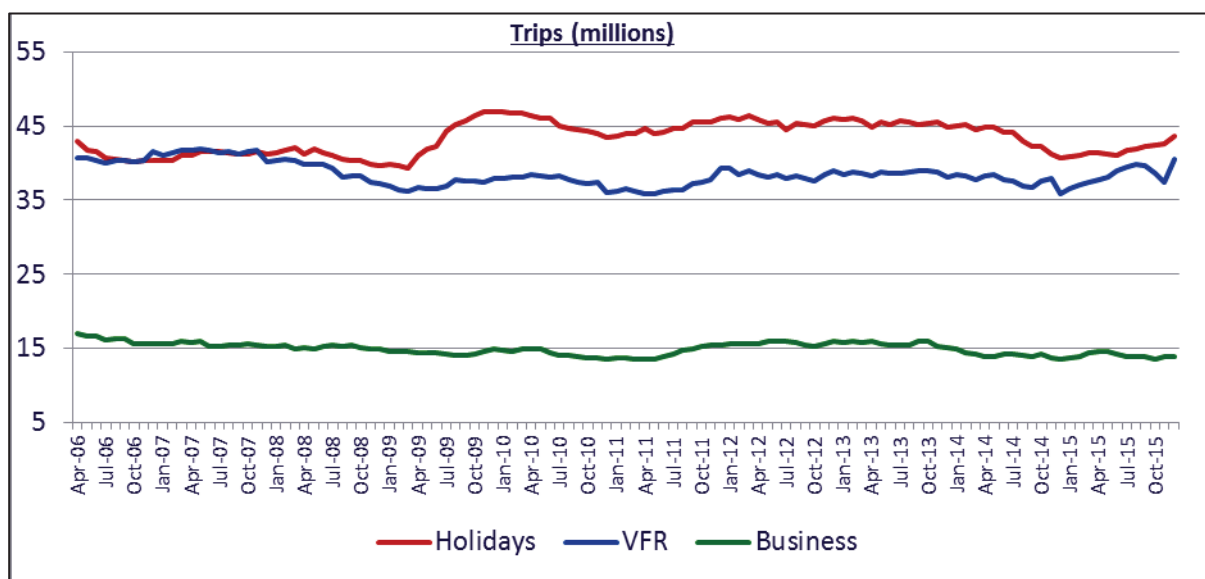


A 12% uplift in holiday volumes from the most affluent AB social grade group also represents a continuation of the trend seen during the recession of increased domestic activity amongst higher earners, but while trip volumes among the least affluent C2DEs showed modest growth of 2%, this group are still taking fewer domestic holidays than at the start of the recession (see Figure 6).

**The Tourism Landscape in 2015/16 (Continued)**

VFR trip volumes, which declined with the onset of the recession, and which had previously shown little sign of recovery, grew by 13% in 2015, taking numbers to an all-time high for the period. In contrast, the number of domestic overnight business trips was just 2% higher than the previous year, despite wider economic growth. This may reflect increased usage of technology allowing meetings to be held remotely, with businesses choosing not to revert to pre-recession travel habits, despite the more favourable financial climate. (cf. Figure 7 below)

**Figure 7 - Domestic Tourism in England – Rolling 12 Month Trend**



**Tourism Day Visits**

The domestic day trip market accounts for over half of tourism spending in England, and in 2015 expenditure on day visits grew by 3% to just over £46 billion, the first uplift in day visits spending since 2012, though trip volumes fell back by 4%, standing at just under 1.3 billion. Despite an overall decline in volumes, the number of day trips to visit friends and relatives rose in 2015, mirroring domestic overnight trends. There was also an increase in trips to watch live sporting events, boosted by October data, which points to the influence of the Rugby World Cup.

**Opportunities and Challenges for Domestic Tourism**

Despite some recent weakening in the value of the pound, the Eurozone still remains better value for UK consumers than it was during the recession period, making the market more competitive.

However, as we have seen in 2015, growth in overseas travel does not of necessity mean declining domestic activity when consumer confidence is on the rise, and many of the trends that have characterised recent years, such as short breaks, multi-generational trips, last-minute decisions, and greater interest in multiple destination types present sustainable opportunities for the post-recession domestic market.



## VisitBritain and VisitEngland Strategic Priorities in 2016/17

### VisitBritain and VisitEngland Priorities

VisitBritain and VisitEngland's new priorities for 2016/17 are led by several drivers including the CSR announcements, changes required from Government, cost pressures facing ring-fenced budgets, and shifts in the markets and in the way consumers book travel and consume media.

In 2016/17, the aims of both organisations will continue to be the following:

- Maintain distinct activities to develop and market English tourism
- Continue to market Britain overseas to drive growth in international leisure and business tourism

VisitBritain and VisitEngland new priorities in 2016/17 will be as follow:

1. Develop and implement a new organisational development strategy
2. Develop and deliver the Discover England Fund
3. Deliver and amplify the GREAT OMGB Marketing campaigns
4. Implement a coherent Digital and Content strategy for Britain and England
5. Build our commercial capabilities across retail and product development
6. Deepen our partnership relationships
7. Establish a clear strategy and role in the Business Visits & Events sector

### VisitEngland Specific Priorities

VisitEngland's focus will be on the development and delivery of the Discover England Fund, specifically for England tourism product development, to ensure that bookable regional product is being sold in international markets. This activity will also benefit the domestic industry by building engagement and partnerships between and across regions, and by developing product that will be attractive to both domestic and international markets. Business Visits and Events will also be a priority—delivering an international platform for England promotion.

The England Director will lead on engagement, development and delivery of the Fund and the England Action Plan, with an open regional engagement programme which commenced in February and March 2016.

### VisitBritain Specific Priorities

VisitBritain will continue to strive to drive growth in international tourism across the nations and regions of Britain. Business Visits and Events are a new remit and priority for VisitBritain, working across Government to deliver key industry sector events. VisitBritain is also shifting its focus towards investing more in digital, content curation and distribution and in building its partnerships competence for both commercial and strategic partnerships. VisitBritain marketing, which will drive the aspiration to travel, will link to its B2B and product development work to make sure that bookable regional British product is available to international consumers.

VisitBritain will be investing more in its network, restructuring into four consolidated hubs with central teams that can be flexed across a wider range of markets. More senior people will be employed at the hubs and will take responsibility for key areas such as partnerships and public diplomacy engagement.

**VisitBritain and VisitEngland Strategic Priorities in 2016/17 (Continued)**

**BTA New Structure**

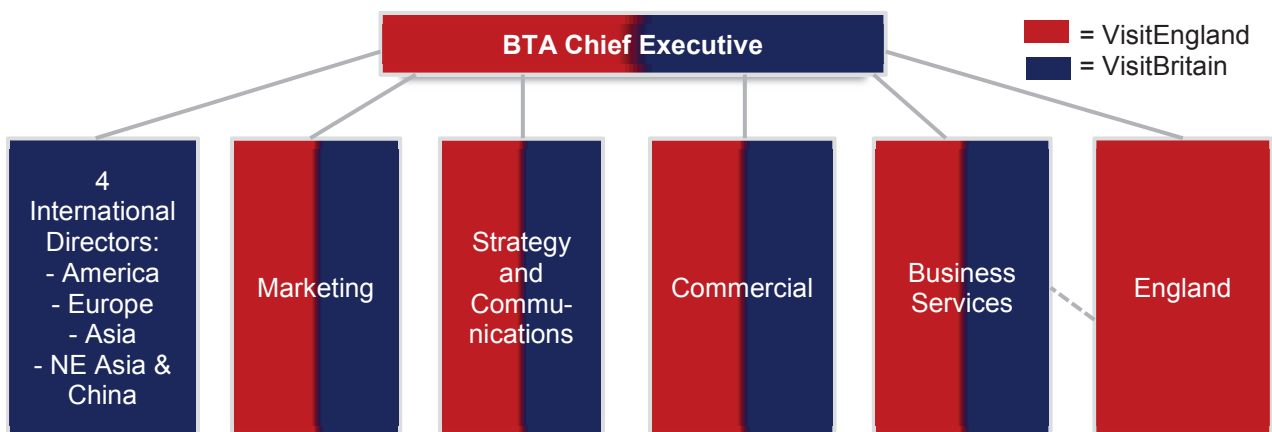
In light of the above, we reviewed our structures. The new BTA organisation is an integrated business with focused resources and ring-fenced budgets for both VisitBritain and VisitEngland.

Four new Directorates will be created at the international level to support growth in the different regional markets; a new dedicated England Directorate will focus on the delivery of the Discover England Fund; and a new Commercial Directorate is created to develop our commercial approach.

Both dedicated and shared staff will deliver activities in the newly shared Marketing and Strategy and Communications Directorates, while the Shared Business Services will continue to provide support across all Directorates.

After a consultation period on the proposed changes, the BTA Board approved the new structure in March 2016 in readiness for the commencement of the new financial year and CSR funding period.

This new structure is represented in the chart below:



## Performance Review for the Year 2015/16 and Other Financial Information

During the period covered by these accounts, BTA was funded from the following sources:

- Core grant-in-aid from DCMS;
- GREAT Programme: once again a significant proportion of funding was provided under the GREAT brand for international image campaigns and a campaign to persuade people to holiday in Britain;
- 2 new Tourism Growth Fund Grants were provided on a one off basis for the North and South West Regions;
- Additional one off Grants were received for Chinese Visa Refund Scheme, Flood Campaigns, Tour De Yorkshire and other domestic activities.
- Revenue generated through other activities including the VisitBritain online retail shops.

### Funding

Funding for the year amounted to a total of £66.8 million, an increase of £20.9m (45.5%) from 2014/15 (£45.9 million).

#### BTA Funding – 2015/16

	VisitBritain	VisitEngland	BTA (Total)
	£'000	£'000	£'000
GIA Original Management Agreement	19,628	7,004	26,632
Additional GIA - for exit costs	1,000		1,000
GIA Movement – Transfer to Capital			0
Capital GIA	186	-	186
Additional GIA - GREAT Campaign	15,150	3,650	18,800
GIA transfer from VB to VE	(400)	400	0
Tourism Growth Funds	-	15,000	15,000
Other	3,900	1,350	5,250
GIA (funding) cut during the year	(74)	(26)	(100)
<b>Total GIA Allocation</b>	<b>39,390</b>	<b>27,378</b>	<b>66,768</b>

### Income

Income from non-GIA funded activities decreased by 18.5%, in 2015-16 compared to 2014/15 from £37.78m to £30.8m (see Notes 6 & 7 to the Accounts). The main variances were:

- Income from partnerships activities decreased by £5.2m (or 59%) following changes to procurement procedures to meet Government policy and legislative requirements. Partnerships have been developed which enable customer reach through other for example, alignment of campaign activity, insights, expertise and marketing in kind;
- Other grant income (see note 7) decreased by £5.7m (or 82%) as the main grant income from Department for Business Innovation and Skills (BIS) for the “Growing tourism locally” programme was completed in 2014/15;
- Decreases in respect of the above items was partially offset by an increased income from commercial retail activities; which hit a record 18.7% (£3.6 million) as a result of the continued investment in the online platform, resulting continuing growth of online retail activity worldwide;
- Income from exhibitions, workshops and fairs also increased by 41.8%, reflecting a more appropriate contribution and recharge of fees to participants at trade fairs.

### Expenditure

The overall expenditure (excluding employee benefit costs) in 2015/16 has increased by £12.4 m (or 18%) as a result of the continuation of additional grants received for the “GREAT” image marketing campaign plus the new Tourism Growth Funds & Chinese Visa Refund Scheme from DCMS. In 2015/16 VisitBritain (BTA) incurred £1.847m (2014/15 - £480k) for reorganisation costs, the majority of which is related to employee costs incurred in aligning the VisitBritain and VisitEngland structure per the outcome of the Spending Review 2015. The cost of the reorganisation is shown separately as an exceptional item in the Statement of Comprehensive Net Expenditure (see Note 12 to the Accounts).

## Performance Review for the Year 2015/16 and Other Financial Information *(Continued)*

The other main changes in operating costs were:

- An increase of Grant payments to Destination Organisations by £6.6m which mainly relates to the Tourism Growth Fund activities;
- Increase in the irrecoverable VAT by £3.3m, mainly due to a new VAT recovery method agreed with HMRC and implemented in 2015/16;
- A £3.1 million increase in commercial cost of sales, although this was countered by equivalent revenue growth in retail activities;
- An increase in reorganisation costs to £1,847k in 2015/16, up from £480k in 2014/15, reflecting the restructuring implemented after SR2015 settlement;
- A decrease in certain marketing expenditure and enabling activities to offset exceptional costs in respect of the reorganisation;
- Continued reduction in operational costs (both UK and overseas) reflecting efficiency savings.

### **Pension Schemes**

Employee benefits, including pensions and other post-retirement benefits, are presented in these financial statements in accordance with the amended IAS 19 'Employee Benefits'.

Following the last full valuation of the scheme, the employers agreed a deficit recovery plan with the trustees. The plan requires BTA to pay in a proportion to its share of the deficit. BTA's contribution for 2015/16 was £1,946,000 (2014/15: £1,344,000). This consists of

- £369,000 (2014/15: £360,000) in respect of the required deficit recovery contribution,
- £207,000 (2014/15: £180,000) in respect of administration costs, and
- An additional voluntary contribution towards the deficit of £1,370,000 (2014/15: £804,000).

Current employer contributions in respect of future service are 24.4% for members with a retirement age of 60, and 13.1% for members with a retirement age of 65. Prior to September 2013 the employer contribution was 17.3%. BTA also has an additional unfunded pension liability of £191,000 (2014/15: £294,000) for pension payments to former chairmen which is included in the Statement of Financial Position.

### **Working Capital**

Net working capital increased by approximately 45% or £883k. The main contributors to this increase were significantly higher inventory levels and cash balances at year end compared to 2015, partially negated by substantially higher accounts payable levels at year end. This anomaly was the result of a postponement in the BTA's usual spending cycle that saw a substantial amount of budget spend delayed until the fourth quarter of the financial period, driving working capital levels up, in particular cash and accounts payable.

### **Creditor Payments Policy**

BTA is a signatory to the Confederation of British Industry code of practice on supplier payment and is committed to the payment of its suppliers to agreed terms or within 30 days. From 1 November 1998 the organisation has incorporated into this policy the regulations contained in the Late Payment of Commercial Debts (Interest) Act 1998. There were no claims for interest payment under the terms of this Act in this financial year. Since January 2013, BTA has committed to the Government pledge to pay its suppliers, wherever possible, to the agreed terms or within 10 days and is monitoring progress against this target. During 2015/16 58% (2014/15: 58%), of suppliers' invoices not in dispute were settled within these parameters. The results for paying invoices within 30 days are as follows: - 92.25% in 2015/16 and 90.25% in 2014/15.

Sally Balcombe  
Accounting Officer  
BTA  
27 June 2016

## 2. THE ACCOUNTABILITY REPORT

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### CORPORATE GOVERNANCE

#### The Director's Report for the Year 2015/16

##### Scope of responsibilities

The British Tourist Authority (BTA) was established by the Development of Tourism Act 1969. It undertakes Britain-wide and England-specific activity respectively under the brands "VisitBritain" and "VisitEngland" in accordance with the governance structure established as a result of the 2015 Spending Review.

Between 2009 and November 2015, VisitEngland operated as a separate unit with a Chief Executive reporting directly to the Chairman of the ETB. However, in November 2015, the Government has asked VisitBritain and VisitEngland to bring the two organisations structurally closer together (more details in the National Policy Context section page 15). Therefore, we have decided to consolidate the accountability for delivery of England and Britain into the remit of a single body under the BTA.

The BTA Board is now provided advice on English tourism matters by the English Tourist Board (also known as the VisitEngland Advisory Board). This is an advisory board responsible for advising the executive and board of the BTA on the development and implementation of an England Action Plan and provide continued guidance and advice on how best to deliver England activity through the England Action Plan. The VisitEngland Advisory Board will monitor delivery and advise the BTA Board on progress of the Plan's implementation.

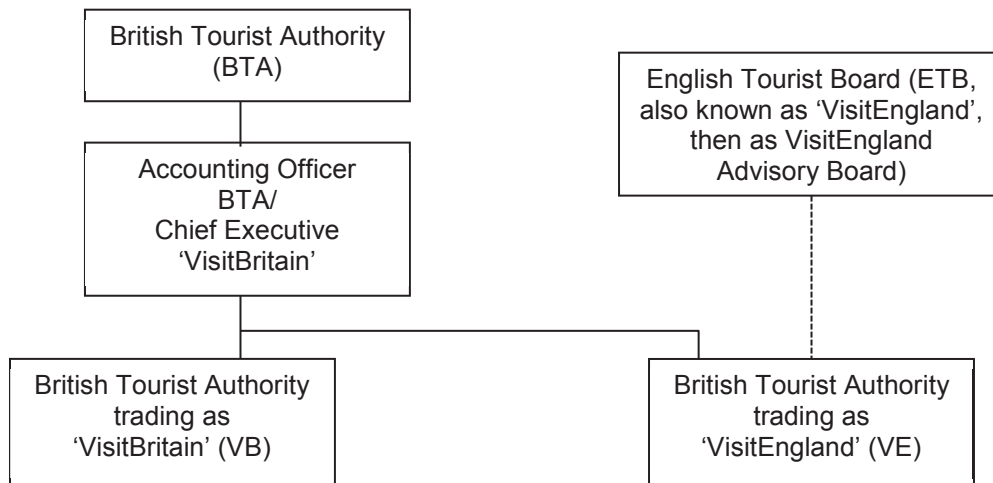
In relation to the Discover England Fund, the VisitEngland Advisory Board advised on the preparation of criteria for assessing bids and its comments and advice was communicated to the BTA Board to inform the BTA Board's decisions.

Given its advisory function, the VisitEngland Advisory Board continues to convene board meetings, no less than four times a year with additional meetings where appropriate.

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

**The Directors' Report for the Year 2015/16** *(Continued)*

ETB does not receive any income directly from the Exchequer or from any other source. All costs and expenses incurred by VisitEngland connected to ETB's work are met from BTA's resources. The Secretary of State for Culture, Media and Sport has issued Accounts Directions to BTA which include the requirement for BTA to disclose all expenditure made on behalf of ETB.



**The Directors' Report for the Year 2015/16 (Continued)**

**Organisation**

***British Tourist Authority (BTA)***

The BTA Board comprises the Chairman, Christopher Rodrigues CBE, (who was first appointed in 2007 and then again in 2011), and six other members, five of whom are appointed by the Secretary of State for Culture, Media and Sport and one by the Welsh Assembly. The Chairman of ETB and of VisitScotland sit on the Board in an ex-officio capacity. In addition, during the year, Katy Best and Kevin Murphy attended Board meetings by invitation as observers in their capacity as members of the boards of the Northern Ireland Tourist Board and London & Partners. Lise-Anne Boissiere also attended the Board meetings as Observer in capacity as DCMS representative and Hazel Cunningham as Executive Director for BTA.

Three sub-committees report to the Board, the Audit Committee and the Remuneration Committee. Members of both Committees during the year are identified below.

**Chief Executive Officer: Sally Balcombe\***

**British Tourist Authority Board Members**

	<b>Appointed</b>	<b>Appointment Expires</b>
Christopher Rodrigues CBE (Chairman)*	01 January 2007	31 March 2017
Dr Michael Cantlay OBE**	01 April 2010	31 March 2016
Penelope, Viscountess Cobham CBE* ** ***	01 April 2009	31 March 2017
Dan Clayton Jones OBE**	01 October 2011	30 September 2015
Margaret Llewellyn OBE**	01 November 2015	31 October 2018
John Lindquist***	15 March 2010	14 September 2019
Ian McCaig*	13 February 2014	12 February 2019
Stephen Ridgway CBE*	11 July 2013	10 July 2018
Angela Bray	01 January 2016	31 December 2018

**British Tourist Authority Board Observers**

**Position, Organisation**

Lise-Anne Boissiere	DCMS
Katy Best	Board Member, Northern Ireland Tourist Board
Kevin Murphy	Board Member, London & Partner
Hazel Cunningham	Executive Director, Business Services, BTA

\* Members of the British Tourist Authority's Remuneration Committee

\*\* Dr Cantlay and Penelope, Viscountess Cobham sit on the Board in an ex-officio capacity in their roles as Chairman of VisitScotland and VisitEngland respectively. Dan Clayton Jones and Margaret Llewellyn were appointed by the Welsh Assembly. Dr Cantlay and Dan Clayton Jones both left the BTA Board at the end of the terms noted.

\*\*\* Members of the British Tourist Authority's Audit Committee

**The Directors' Report for the Year 2015/16 (Continued)**

**English Tourist Board (ETB, also known as VisitEngland)**

The ETB Board comprises the Chairman and six other members, all of whom are appointed by the Secretary of State for Culture, Media and Sport. In addition one observer attends the Board meetings by invitation.

<b>English Tourist Board Members</b>	<b>Appointed</b>	<b>Appointment Expires</b>
Penelope, Viscountess Cobham CBE (Chairman)* **	01 April 2009	31 March 2017
James Berresford	01 July 2009	15 January 2016
Nigel Halkes*	13 January 2014	12 January 2018
John Hoy	30 May 2011	29 May 2019
Sarah Stewart OBE	30 May 2011	30 May 2017
Denis Wormwell**	22 June 2009	21 June 2017
Sally Balcombe attends VisitEngland Advisory Board meetings in her capacity as BTA Accounting Officer/Chief Executive Officer, BTA		

**English Tourist Board Observers**

**Position, Organisation**

Suzanne Bond	Former Chief Executive, Cornwall Development Agency
Hazel Cunningham	Executive Director, Business Services, BTA

\* Members of the British Tourist Authority's Audit Committee

\*\* Members of the British Tourist Authority's Remuneration Committee

BTA and ETB both maintain Registers of Board Members' Interests. Copies of these Registers can be obtained from the Secretary to the Boards.

The biographies of the Members of both Boards are available on our corporate website: <https://www.visitbritain.org/our-team>

**Audit arrangements**

The audit of the British Tourist Authority's financial statements by the National Audit Office (NAO) enables the Comptroller and Auditor General to fulfil his statutory duty under the Development of Tourism Act 1969, to lay before Parliament certified copies of the annual accounts and his report.

The fees paid to the NAO for audit services amount to £53,000 (2014-15: £47,500), and there are no other services provided by the NAO.

So far as the Accounting Officer is aware, there is no relevant audit information of which BTA auditors are unaware. She has taken all necessary steps to make herself aware of any relevant audit information and to establish that BTA's auditors are aware of that information.

Sally Balcombe  
Accounting Officer  
BTA

27 June 2016



## Statement of Corporate Governance by the Accounting Officer

The narrative below is based on the new governance set up introduced in November 2015 – i.e. with VisitEngland Advisory Board and its new role and responsibility that no longer includes executive decision making.

### Scope of Responsibility

The British Tourist Authority responsibilities under the Act and its wider governance arrangements vis-à-vis the English Tourist Board are explained in detail in the Directors' Report page 40. BTA is sponsored, and part funded, by the Department for Culture, Media and Sport which has been confirmed through the funding letter of the 11<sup>th</sup> June 2015 for the financial year 2015/16.

BTA is committed to high standards of governance and ethical behaviour and adopts systems and implementation arrangements which are appropriate for its business.

### The Governance Framework

The Chairman of the BTA is accountable to the Secretary of State for Culture, Media and Sport for the performance of the BTA in its Britain and England activities.

The BTA Board is responsible for ensuring that VisitBritain and VisitEngland operate within the terms of the Development of Tourism Act 1969 and for overseeing the delivery of planned results. In carrying out its responsibilities in relation to VisitEngland, the BTA Board is advised by the Advisory Board of ETB which I attend in my capacity as BTA Accounting Officer/Chief Executive Officer.

The roles of the BTA Chairman and BTA Board are set out in full in BTA's Code of Practice for Board Members and the Management Agreement with DCMS. In broad terms, the BTA Board is responsible for:

- Maintaining accountability for delivery of all activity on British and English tourism;
- Maintaining both VisitBritain and VisitEngland brands;
- Establishing the overall strategic direction of VisitBritain and VisitEngland and subsequently monitoring performance against the targets set out in the Business Plans, Management Agreement or which are attached to any other sources of Government funding;
- Consulting with the VisitEngland Advisory Board as appropriate for advice on English tourism matters (but not delegating final decision making to the VisitEngland Advisory Board);
- Ensuring that it fulfils its role under the Development of Tourism Act 1969 and meets the aims and objectives established by the Secretary of State for Culture, Media and Sport as set out in the Management Agreement;
- Ensuring it takes account of any guidance received from DCMS in reaching its decisions; and complies with statutory and administrative requirements for the use of public funds;
- Ensuring that high standards of corporate governance are observed at all times.

The BTA Board is supported by the work of the Audit and Remuneration Committees which is discussed below.

As an Accounting Officer, I have responsibility for accounting to Parliament, DCMS, the BTA's Board and other stakeholders. I am personally responsible for safeguarding the public funds for which I am in charge; for ensuring propriety and regularity in the handling of those public funds; and, reporting to the Board of the BTA, for the day-to-day operations and management of the BTA and the achievement of its strategic aims. In addition, I ensure that the BTA as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in "Managing Public Money".

As Accounting Officer, I am responsible for the day-to-day operations and management of BTA and remain accountable to the Department for Culture, Media and Sport and to Parliament for the income and expenditure of all BTA work carried out under the VisitBritain and VisitEngland brands.

### **Statement of Corporate Governance by the Accounting Officer (Continued)**

I am supported by a team of operational Executive Directors, including the Director of Business Services who has responsibility for financial and compliance matters, and the Secretary to the Boards who supports both Boards and are members of the Executive Team.

Well-developed information and reporting systems are in place to assist in monitoring progress against financial and non-financial targets and to provide access to detailed management and transactional information.

Accountability, limits of authority and lines of reporting are clearly defined and every employee in VisitBritain and VisitEngland teams, including myself, has annual performance targets which are linked to the BTA Business Plan.

### **Compliance with HM Treasury and Cabinet Office's Code of Good Practice 2011**

BTA complies with HM Treasury and Cabinet Office's Code of Good Practice 2011 in relation to Corporate Governance to the extent that it is relevant and appropriate to BTA. However, as BTA is a mature organisation, with a mature control environment and governance and risk management arrangements in place, PwC, the internal auditors, have not been invited to attend any Board meetings during the year. They do, however, attend all Audit Committee meetings, as I do, and I have met with them separately to discuss procurement issues: see Key Governance Issues overleaf.

### **The Effectiveness of the Governance Framework**

As Accounting Officer I have responsibility for reviewing the effectiveness of BTA's corporate governance arrangements. In carrying out this duty I am advised and supported by the BTA Board, the ETB (VisitEngland) Advisory Board, and the Audit Committee, the internal and external auditors as well as by the Executive Directors and Secretary to the Boards.

BTA has well embedded governance policies and procedures in place which are subject to regular testing and review. An annual programme of internal audit work is agreed with the Audit Committee on those areas which are known to be of higher risk or which may be of an innovative nature or where it is appropriate to carry out a review of existing systems.

We also introduce new systems of internal control as necessary to meet the changing needs of our business and the risks to which the organisation is exposed. Examples of new initiatives and changes where we have introduced new formal governance arrangements include but are not limited to:

- Digital Transformation Programme: the importance of the project to the successful delivery of our activities and the level of budget involved, required dedicated project governance arrangements supported by an experienced Programme Director. The project continues to be overseen by the Digital Programme Board.
- Tourism Growth Funds: programme boards have been established for both the North and South West Regions, led by an appointed programme director and include external stakeholders to support implementation and monitoring.
- China Visa Refund Scheme: a project team was established with representatives from the London and China teams with regular liaison and communications with our Sponsor Department and other Government Departments.

We also operate within other Government Governance Frameworks, such as the Efficiency Reform Group (ERG), which scrutinises and agrees planned marketing and advertising expenditure to ensure value for the taxpayer and complies with Government policy and legislation. Activity and expenditure in respect of GREAT funding is scrutinised by the GREAT Programme Board.

### **Statement of Corporate Governance by the Accounting Officer (Continued)**

Management performance information and accounts are produced on a monthly basis for budget holders for both VisitBritain and VisitEngland and reviewed quarterly by the Executive Directors to monitor the financial and performance are on target against planned results. BTA Board review the latest Management Accounts at each of their meetings, as does the Audit Committee. We also meet with and report to our Government Sponsor Department throughout the year, in compliance with our Management Agreement. In particular we conduct a quarterly review process with DCMS officers through which we highlight performance achievements against targets as well as risks and respective mitigation strategies.

### **Board Governance**

The composition and membership of the BTA Board is reported below. I attend every meeting as does the Director of Business Services.

The recruitment and appointment process for those Board Members appointed by the Secretary of State for Culture, Media and Sport is carried out in accordance with the Office of the Commissioner of Public Appointments' Code of Practice, and takes full account of the Chairman and Board's assessment of any gaps in the skills and competencies required to ensure a well-rounded Board equipped to carry out its responsibilities for BTA. Board Members are normally appointed for their ability to add to the Board's collective wisdom.

Appointments or re-appointments are normally for periods ranging from a minimum of 3 years to a maximum of 5. The maximum term any BTA Board member can serve continuously is 10 years.

The Chairman ensures that all Members of the BTA Board, when taking up office, are fully briefed on the terms of their appointment and on their duties and responsibilities.

All new Board Members receive a comprehensive induction pack, which includes copies of all relevant governance material, and attend an induction session with the Chief Executive Officer and Directors.

The BTA Board normally meets six times during each calendar year. BTA Board Members receive timely, regular and appropriate management and other information to enable them to fulfil their duties. They also have direct access to the advice and services of the Secretary to the BTA Board and have regular informal contact between meetings with the Chairman, Chief Executive, and Senior Management Team as appropriate; particularly in relation to any discrete areas of activity which individual Members sponsor. This helps to foster an open relationship and regular exchange of knowledge and experience between the Management Team and Board Members.

BTA Board Meetings held between April 2015 and March 2016 took place on following dates:

1. 27<sup>th</sup> April 2015
2. 16<sup>th</sup> June 2015
3. 15<sup>th</sup> September 2015
4. 27<sup>th</sup> October 2015
5. 8<sup>th</sup> December 2015
6. 7<sup>th</sup> January 2016 (Exceptional)
7. 26<sup>th</sup> January 2016
8. 16<sup>th</sup> March 2016

**Statement of Corporate Governance by the Accounting Officer (Continued)**

The attendance by individual Board Members, Observers and Committee Members at meetings during 2015/16 was as follows:

	<b>Board Member/ Observer/ Independent Seconded</b>	<b>Board Meetings Attended</b>	<b>Audit Committee Meetings Attended</b>	<b>Remuneration Committee Meetings Attended</b>
Christopher Rodrigues CBE	Chairman of the Board and Remuneration Committee	8 (8)		2 (2)
Sally Balcombe	Chief Executive Officer and member of the Remuneration Committee	8 (8)	4 (4)	1 (2)
Dr Michael Cantlay OBE	Board Member	7 (8)		
Penelope, Viscountess Cobham CBE	Board Member and member of the Audit and Remuneration Committees	8 (8)	4 (4)	1 (2)
Dan Clayton Jones* OBE	Board Member	3 (3)		
Margaret Llewellyn OBE**	Board Member	5 (5)		
John Lindquist	Board Member and Chairman of the Audit Committee	8 (8)	4 (4)	
Ian McCaig	Board Member	7 (8)		2 (2)
Steve Ridgway CBE	Board Member	6 (8)		2 (2)
Katy Best	Observer	8 (8)		
Kevin Murphy	Observer	5 (8)		
Lise-Anne Boissiere	DCMS	8 (8)		
Hazel Cunningham	Observer	7 (8)	4 (4)	1 (2)
Nigel Halkes	Member of the Audit Committee (ETB Board Member)		3 (4)	
Hugh Green	Independent Member of the Audit Committee		4 (4)	
Denis Wormell	Member of Remuneration Committee (ETB Board Member)			2 (2)

\* During period April 2015 – March 2016, Dan Clayton Jones attended 3 Board meetings in April, June and September 2015 as Chair of Visit Wales prior to stepping down.

\*\* During period April 2015 – March 2016, Margaret Llewellyn attended 4 Board meetings in October, December 2015, January and March 2016 as Chair of Visit Wales following the stepping down of Dan Clayton Jones.

Arrangements are in place through which potential conflicts of interests are recorded and managed. The purpose of these arrangements is to avoid any danger of Board Members being influenced, or appearing to be influenced, by their private or other interests in the exercise of their public duties for BTA.

### **Statement of Corporate Governance by the Accounting Officer (Continued)**

The register of Board Members' interests is available on request from the Secretary to the Board. Employees are also asked to declare potential conflicts of interest and a separate register is maintained to record these. In addition, at all Board and Committee meetings Members are required to declare an interest if they or their close family have an interest, financial or otherwise, in any matter being considered at the meeting. The Board or Committee will then decide whether or not it is appropriate for the Member to participate in the discussion on the item in question. In 2015/16 there were no withdrawals from Board or Committee discussions.

### **The Work of the Board in 2015/16**

During 2015/16 the Board reviewed progress against the agreed corporate priorities and also considered a number of key programmes and change management initiatives, these included:

- The Government published its Triennial Review of VisitBritain and VisitEngland in March 2015, this confirmed the Board work to interrupt and implement the recommendations.
- Continued to oversee the organisation's Digital Transformation strategy and programme.
- Reviewed and considered the competitive landscape for tourism; reviewed market performance and strategies to meet targets for inbound visitors and regional dispersal across Britain, with particular focus on the Americas and Europe.
- Supported the BTA submissions and modelling required for the Comprehensive Spending Review.
- Reviewed the development of the new OMGB/ GREAT campaign strategy.
- Monitored the China Visa Refund Scheme.
- Outlined strategy for future pension provision and agreeing the initiation of exploratory work in preparation for appraisal of options.
- Following the CSR15 announcements, considered and approved Governance and organisational changes.
- Reviewed a range of sub-strategies.

### **The Quality of Data used by the Board**

The data and information used by the Board include assessments and statistics relating to both industry performance and BTA's financial performance and progress in meeting its corporate targets and performance measures; reports on the progress of major programme activities, reviews of the competitive landscape and reports from VisitEngland.

- Industry performance is assessed using data from independent third party sources such as the ONS International Passenger Survey and insights and market intelligence gathered on territory by our managers. Relevant data is presented to the Board at each meeting.
  - Financial Data is provided by our Financial Information System from which the management accounts and comparisons to budget are produced. These, together with commentary, are provided to the Audit Committee and Board at each meeting. The performance for the financial year is also monitored monthly and reported to the Board.
  - A range of Human Resources data and metrics are reported on a quarterly basis. The Remuneration Committee also commissioned and considered, on behalf of the Board, payroll benchmarking data.
  - Non-financial performance reports, including separate reports on our retail activity, enable the Board to monitor progress against corporate and business plan targets. These include measures of campaign performance and PR reach and effectiveness. Evaluation is based on tourism industry standards for campaign performance, compiled by internal experts. Measures also exist for digital, including social media, and marketing in-kind.
  - Progress reports on major areas of programme activity and reviews of the competitive landscape and the issues which impact on Britain's performance as a global destination in each of the territories in which VisitBritain operates are presented to the Board on a regular basis.
  - Reports on VisitEngland's financial and non-financial performance are presented quarterly to allow the Board to track progress on business plan objectives and budgetary compliance.

### **Statement of Corporate Governance by the Accounting Officer (Continued)**

The Board considers the standard of this data and information in terms of quality, accuracy and timeliness commensurate with its responsibilities but if it considers it necessary, requests additional information or clarification.

The Board's understanding and scrutiny of the quality of data are also informed by the work of the Audit Committee and that of the internal and external Auditors.

### **BTA Board Committees**

BTA does not have Nominations or Governance Committees. The Remuneration Committee does the work of a Nominations Committee to the extent applicable and the Audit Committee reviews and considers any governance matters referred to it by the Board.

### **VisitEngland Board**

During 2015/16 the VisitEngland Board reviewed progress against VisitEngland's agreed corporate priorities and considered a number of key programmes and change management initiatives, including the following:

- Implementation of the Triennial Review recommendations and the focus on domestic tourism with new emphasis around product development;
- Planning for the separation of VisitBritain and VisitEngland which was stopped after the CSR15 announcement;
- Review of the Strategic Framework;
- Oversight of Funds-related activity (closure of RGF *Growing Tourism Locally* Project and launch of the new Tourism Growth Funds);
- The National Quality Assessment Schemes and the work to modernise them.

### **The Remuneration Committee**

The Remuneration Committee consists of five members: the Chairmen of BTA and ETB and three other members of the Boards of BTA and ETB. The Chief Executive Officer, Director, Business Services and the Head of People and Performance attend meetings as required but no member of staff, including the Chief Executive, is present when her remuneration is being discussed.

In common with other government departments and agencies, BTA must operate within public sector pay policy guidelines, further details of which are given in the Remuneration Report. However, the Committee reviews the pay remit prior to its submission to DCMS and, subsequently, reviews the final consolidated and non-consolidated payment ranges to be awarded to staff which are both based on performance during the year.

### **The Audit Committee**

The Audit Committee meets at least four times a year and its remit reflects the good practice principles for Audit and Risk Assurance Committees in central government as set out in HM Treasury's Audit and Risk Assurance Committee Handbook (April 2013).

The Committee consists of four members: three are drawn from the Boards of BTA and ETB and the fourth is an external member who is a Partner at KPMG LLP. I also attend meetings together with the Director, Business Services and Secretary to the Board. The Internal and External Auditors are also invited to attend meetings, in particular to discuss the results of internal audit activity and the annual audit respectively. During the year, the Committee Chairman met privately with both sets of Auditors.

### **Statement of Corporate Governance by the Accounting Officer (Continued)**

An annual programme of internal audit work is agreed with the Audit Committee on those areas which are considered to be of higher risk or which may be of an innovative nature or where it is appropriate to carry out a review of existing systems. The Committee reviews this programme during the year to re-allocate resources to areas of risk which come to its attention during the year.

During the year, the Audit Committee has continued to scrutinise the internal controls and risk management. Key areas of review this year have included: China Visa Refund Scheme, development of the online retail operation, Procurement strategy, policy and procedures, VAT recovery methodology and the new Tourism Growth Funds (Northern, South West).

The programme of internal audit work, conducted by PwC during 2015/16, has identified some higher risk issues relating to Retail, an area of increasing management focus since a fraud incurred during the year (albeit limited to circa £15,000). Areas of improvement to internal controls have been identified and actions plans are put in place by the management team to address these in a timely and appropriate manner. The Committee reviews implementation of agreed internal audit actions taken to strengthen the overall control environment, and was satisfied that good progress was being made.

The Committee noted the Head of Internal Audit's annual opinion of "Generally satisfactory with some improvements required" mainly relating to retail.

The Chairman of the Audit Committee presents the minutes of its meetings to the Board and briefs colleagues on any significant issues. He also presents an annual report to the Board on the previous financial year's business.

### **Executive**

The Board appoints and employs the Chief Executive, who leads an Executive Director team. The Executive team are responsible for the management and performance of the organisation and the delivery of the strategy on behalf of the Board under the Financial Control Framework and procedures approved by the Board. Executive appointments are filled through open recruitment. Executive Directors who served during 2015-16 are listed on page 55.

### **Overall Control Environment**

The Audit Committee has:

- Reviewed all Internal Audit reports and management responses and monitors progress on the implementation of any agreed recommendations;
- Followed an annual work programme to ensure that it also reviews the corporate risk registers to satisfy itself that risks are being well managed and that all new emerging risks have been identified;
- Reviewed the Annual Report and Accounts prior to submission to the Board and any matters arising from the audit of the Accounts by the National Audit Office.

BTA has suffered no protected personal data incidents during 2015/16 and has therefore made no report to the Information Commissioners office.

We have not received any Ministerial Directions during the year.

The Chairman of the Audit Committee, in his annual report to the Board, advised that without giving specific assurance on the effectiveness of the whole system, the Audit Committee is satisfied that the internal control environment appears to be well supported by the various embedded mechanisms and working practices.

**Statement of Corporate Governance by the Accounting Officer** *(Continued)*

**Key Governance Issues**

In 2014/15 the Audit Committee considered and agreed a number of recommendations from the NAO and PWC reports highlighting improvements to ensure compliance with Cabinet Office requirements in relation to marketing expenditure and to tightening our own internal procurement procedures.

We have made our procurement regime a priority to ensure policies and procedures reflect good practice and the appropriate application of public sector regulations and controls. In particular, work was conducted to identify a future strategy to enable us to work with partners whilst complying fully with procurement regulations and Government Spending Controls. The need to identify a solution whilst ensuring we obtain best value for money is important because some of our potential partners are contractually tied to their own agencies and failure to identify a strategy could lead to failure to meet our match-funding targets and utilise budget to good effect. A wider procurement change programme, covering revised guidance, process improvement and updated staff training was completed.

The Committee has provided oversight for the China Visa Refund Scheme. Delivering this pilot on behalf of Government provided a number of challenges and risks to the organisation; while we were able to use knowledge of the tourism market and deploy the expertise locally through our overseas team, the operational requirements of the scheme, from design through to delivery were not part of normal delivery and therefore presented a number of new financial and reputation risks. The Committee allocated resources from the Internal Audit Programme which provided support and assurance after the process design stage and a controls review at the end of the programme.

The Committee has also supported the challenges which arise from the operation of the e-commerce retail business. During the year, reviews have identified findings and recommendations to improve controls and processes.

I am grateful to the Audit Committee and DCMS for their support.

Sally Balcombe  
Accounting Officer  
BTA  
27 June 2016



## REMUNERATION AND STAFF REPORT

### Remuneration Report

#### Remuneration Report Policy for Staff

Under the terms of the Development of Tourism Act 1969 and the Management Agreement issued by DCMS, the conditions of service that BTA offers to its staff, and its pay award scheme, must be approved by the DCMS. DCMS must, in turn, obtain HM Treasury approval before agreeing the pay award framework each year. The arrangements for the Chief Executives of VisitBritain and VisitEngland are slightly different but the same principles apply.

During the year BTA implemented pay increases, in line with DCMS guidelines, limited to 1% of the annual consolidated salary bill and one-off non-consolidated annual performance bonus payments limited to the same percentage (2.66%) of the annual salary bill as for the previous three years. The payment of both consolidated pay (pensionable) and non-consolidated bonus payments (non-pensionable) is performance related and depends on the outcome of annual performance review of objectives and competencies and on staff being in post on 1 August 2015. The maximum consolidated payment made was 1.35% of basic pay and the maximum non-consolidated payments was 5.5%. Payments to Directors were made in line with the arrangements for all staff.

#### Remuneration of Boards

The Chairmen and Board Members of BTA and ETB have had their salaries frozen for five years with effect from 1 April 2010 (except Penelope, Viscountess Cobham who had a salary increase in 2013). Having waived the pay increase of 1.5% to which they would have been entitled on 1 April 2009 their remuneration has therefore been held at 2008/09 levels.

**Remuneration Report (Continued)**

The information in pages 53 - 58 falls within the scope of the Comptroller and Auditor General's audit opinion on the accounts and is audited.

**BTA Board members' remuneration:**

	Remuneration 2015/16 £	Remuneration 2014/15 £
Christopher Rodrigues CBE, Chairman	49,090	49,090
Sally Balcombe*	-	4,718
Dr Michael Cantlay OBE**	-	-
Penelope, Viscountess Cobham CBE**	-	-
Dan Clayton Jones OBE**	-	-
Margaret Llewellyn OBE**	-	-
John Lindquist	9,435	9,435
Ian McCaig	9,435	9,435
Stephen Ridgway	9,435	9,435
Angela Bray	2,359	-
	<hr/>	<hr/>
	79,754	82,113
Pensions to former Chairmen	20,506	23,804
	<hr/>	<hr/>
Total remuneration	100,260	105,917

**Observers during the Year**

Lise-Anne Boissiere\*\*\*  
 Katy Best\*\*\*  
 Kevin Murphy\*\*\*  
 Hazel Cunningham\*\*\*

Board Members' remuneration is £9,435 per annum / 12 month period. Where a Member's term of office commences or expires during the year they receive a pro-rata payment.

\* Sally Balcombe (FY equivalent pay) left the Board in 2014/15.

\*\* Dr Cantlay and Penelope, Viscountess Cobham sit on the Board in an ex-officio capacity in their roles as Chairmen of VisitScotland and VisitEngland respectively and do not receive any remuneration from VisitBritain. Dan Clayton Jones OBE (who left the Board on 30 September 2015) and Margaret Llewellyn OBE (who joined the Board on 1 November 2015) were appointed by the Welsh Assembly and also received no remuneration from VisitBritain.

\*\*\* Observers receive no remuneration but Hazel Cunningham was remunerated by VisitBritain as Director of Business Services of VisitBritain.

**Remuneration Report** *(Continued)***VisitEngland Board members' remuneration:**

	Remuneration 2015/16 £	Remuneration 2014/15 £
Penelope, Viscountess Cobham, CBE, VE Chairman	45,210	45,210
Amanda Cottrell*	-	1,573
John Hoy	9,435	9,435
Sarah Stewart	9,435	9,435
Denis Wormwell	9,435	9,435
Nigel Halkes	9,435	9,435
Sarah Dunning*	-	9,435
Total remuneration	82,950	93,958

**Observers during the year**

Suzanne Bond\*\*  
 Sally Balcombe\*\*  
 Lise-Anne Boissiere\*\*  
 Hazel Cunningham\*\*

Board Members' remuneration is £9,435 per annum / 12 month period. Where a Member's term of office commences or expires during the year they receive a pro-rata payment.

\* Amanda Cottrell (FY equivalent pay) and Sarah Dunning left the Board in 2014/15.

\*\* Observers receive no remuneration but Sally Balcombe was remunerated by VisitBritain during her term of Office as Chief Executive of VisitBritain and Hazel Cunningham as Director of Business Services of VisitBritain.

**Remuneration of CEO's and Directors*****Remuneration of CEOs***

The basis of the Chief Executive Remuneration packages is set out in the contract of employment and stipulates that they are eligible to be considered for an annual performance bonus of up to 12.3% for the current VisitBritain's CEO subject to the approval of the Remuneration Committee. In each case, the Remuneration Committee approved the respective Chairmen's recommendation to award their Chief Executive the maximum bonus payable in recognition of their outstanding performance during the performance year under review. The bonus was non-consolidated and a consolidated increase of 1.25% was also awarded.

***Remuneration of Directors***

Each Director is set personal objectives linked to the Business Plan which are assessed at the end of the business year taking into account the results achieved. Assessments are used to determine increases to base pay and annual performance bonus payments. Bonus payments are based on performance levels attained and are made as part of the appraisal process. The maximum bonus payment for the Directors was 5.5%. All payments are based entirely on performance, no discretion was exercised. Payments were approved by the Remuneration Committee.

The bonuses reported in 2015/16 relate to performance in 2014/15 and the comparative bonuses reported for 2014/15 relate to performance in 2013/14.

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**Remuneration Report (Continued)**

The information below relates to the Accounting Officer/Chief Executive of VisitBritain, the Chief Executive of VisitEngland and the Senior Executives of VisitBritain and VisitEngland.

2015-16

Name	Salary (£'000) <sup>1</sup>	Bonus Payments (£'000)	Accrued pension benefits during the year (£'000)	Total Remuneration Figure (£'000)	Employer pension contributions (£'000)	Real Increase in pension at Retirement Age (£'000)	Total accrued pension at Retirement Age as at 31.03.2016 (£'000)	Cash equivalent transfer value as at 31.03.2015 (£'000)	Cash equivalent transfer value as at 31.03.2016 (£'000)	Real increase cash equivalent transfer value (£'000) <sup>3</sup>
Sally Balcombe (Accounting Officer BTA/CEO VB) <sup>4</sup>	140-145	5-10	41	190-195	15-20	0-2.5	0-5	24	72	48
James Berresford (CEO VE) <sup>2,4</sup>	175-180	10-15	38	225-230	10-15	0-2.5	15-20	266	310	44
Jenny McGee (Director VE, Enterprise) <sup>2,4,6</sup>	145-150	0-5	156	300-305	410-415 <sup>6</sup>	7.5-10	45-50	748	908	160
Hazel Cunningham (Director BTA, Business Services) <sup>4</sup>	105-110	0	30	140-145	10-15	0-2.5	0-5	0	36	36
Joss Croft (Director VB, Britain Marketing) <sup>4</sup>	90-95	0-5	21	115-120	20-25	0-2.5	25-30	550	576	26
Patricia Yates (Director VB, Strategy and Communications) <sup>4</sup>	85-90	0-5	28	115-120	20-25	0-2.5	15-20	282	316	32
Robin Johnson (Interim Director VB, Overseas) <sup>4,5</sup>	75-80	0-5	30	105-110	15-20	0-2.5	0-5	64	98	34
Tim Holt (Director VE, Marketing) <sup>4</sup>	70-75	0-5	58	130-135	15-20	2.5-5	15-20	240	302	62
Louise Stewart (Director VE, Strategy & Development) <sup>4,5</sup>	45-50	5-10	24	75-80	5-10	0-2.5	5-10	142	166	26
Carol Dray (Interim Director BTA, Commercial) <sup>4,5</sup>	10-15	0	3	10-15	0-5	0-2.5	0-5	0	4	4
Andrew Stokes (Interim Director VE) <sup>4,5</sup>	10-15	0	1	10-15	0-5	0-2.5	0-5	0	2	2

<sup>1</sup>No benefit in kind was paid in 2015/16

<sup>2</sup>Mr Berresford's and Ms McGee left the organisation on 15/01/2016 and 31/03/2016 respectively. Their salaries include "Pay in lieu of notice" compensation paid, falling in a range of £55-60k and £70-75k respectively.

<sup>3</sup>The real increase in cash equivalent takes into account an assumed rate of revaluation of nil, in line with the Government's statutory revaluation order for 2015/16; in 2014/15 the inflation rate was 1.2%.

<sup>4</sup>All directors have a normal retirement age of 60, except J Berresford and L Stewart, who have a normal retirement age of 65.

<sup>5</sup>Louise Stewart left the organisation on 9th Oct 2015 on an FTE of £93,690. Carol Dray started on 29th Feb 2016 with an FTE of £120,000. Andrew Stokes started on 3rd Feb 2016 with an FTE of £87,999.

Robin Johnson became Interim Director on 1st April 2015 with an FTE of £80,000

<sup>6</sup>Includes an additional employer contribution of £396,652 paid direct to the scheme as pension enhancement.

**British Tourist Authority trading as VisitBritain and VisitEngland  
Annual Report and Financial Statements for the Year Ended 31 March 2016**

**Remuneration Report (Continued)**

The information below relates to the Accounting Officer/Chief Executive of VisitBritain, the Chief Executive of VisitEngland and the Senior Executives of VisitBritain and VisitEngland. The total remuneration for 2014-15 has been restated to include calculated accrued pension benefits.

2014-15

Name	Salary (£'000) <sup>1</sup>	Bonus Payments (£'000)	Accrued pension benefits during the year (£'000)	Total Remuneration Figure (£'000)	Employer pension contributions (£'000)	Real Increase in pension at Retirement Age (£'000)	Total accrued pension at Retirement Age as at 31.03.2015 (£'000)	Cash equivalent transfer value as at 31.03.2014 (£'000)	Cash equivalent transfer value as at 31.03.2015 (£'000)	Real increase cash equivalent transfer value less Director Contribution (£'000) <sup>3</sup>
Sally Balcombe (Accounting Officer BTA/CEO VB) <sup>2,4</sup>	75-80	0	20.1	95-100	5-10	0-2.5	0-5	0	26	22
Sandie Dawe MBE (Accounting Officer BTA/CEO VB) <sup>2</sup>	45-50	15-20	-16.4	50-55	5-10	(2.5)-0	65-70	1,656	1,995	316
James Berresford (CEO VE) <sup>4</sup>	140-145	10-15	41.0	190-195	25-30	0-2.5	10-15	195	291	86
Hazel Cunningham (Director BTA, Business Services) <sup>4,5</sup>	5-10	0	-0.3	5-10	0-5	0	0	0	0	0
Philip Mabe (Director BTA, Business Services) <sup>5</sup>	45-50	0	13.7	55-60	5-10	0-2.5	0-5	0	16	14
Joss Croft (Director VB, Britain Marketing) <sup>4</sup>	90-95	0-5	37.3	130-135	20-25	0-2.5	25-30	408	594	177
Keith Beecham (Director VB, Overseas Network) <sup>2,6</sup>	105-110	5-10	122.3	235-240	25-30	5-7.5	60-65	1,334	1,806	450
Louise Stewart (Director VE, Strategy & Development) <sup>4</sup>	90-95	0-5	27.3	120-125	10-15	0-2.5	5-10	51	102	46
Patricia Yates (Director VB, Strategy and Communications) <sup>4</sup>	85-90	0-5	23.7	110-115	20-25	0-2.5	10-15	320	431	103
Alex Mawer (Director VE, Marketing) <sup>5</sup>	40-45	0	7.8	50-55	10-15	0-2.5	10-15	178	263	81
Tim Holt (Director VE, Marketing) <sup>4,5</sup>	60-65	0-5	16.9	80-85	15-20	0-2.5	10-15	124	203	74
Jenny McGee (Director VE, Enterprise) <sup>4</sup>	65-70	0-5	22.6	90-95	15-20	0-2.5	35-40	731	965	222

<sup>1</sup>No benefit in kind was paid in 2014/15

<sup>2</sup>Sandie Dawe left the organisation on 7th July 2014 her full year salary was £196k. Sally joined on 24th September 2014 her full year salary was £142.25k. Keith Beecham was appointed as acting CEO during the interim period.

<sup>3</sup>The real increase in cash equivalent takes into account inflation rate of 1.2%, in line with the Government's statutory revaluation order for 2014/15; in 2013/14 the inflation rate was 2.7%.

<sup>4</sup>All directors have a normal retirement age of 60, except J Berresford and L Stewart, who have a normal retirement age of 65.

<sup>5</sup>Mr Mabe's services as an Interim Director of Business Services were procured by the BTA through Odgers Berndtson and the service started in Feb 2014 and ended in August when he officially joined BTA on a Fixed term contract.

For 2014/15, expenditure of £74.3k (2013/14: £27.9k), plus VAT was incurred in respect of his services. In addition, Mr Grattidge also covered an interim period until the appointment of Ms Cunningham as a permanent Director of Business Services on 16/03/2015.

Mr. Grattidge was paid £44.1k through Odgers Berndtson. Both Ms Cunningham and Mr Mabe had full year salaries of £110k.

<sup>6</sup>Keith Beecham has left VB on 5th April 2015. Alex Mawer left VE on the 19th September 2014 on a salary of £85.5k and replaced was by Tim Holt on a full year salary of £60k.

**Remuneration Report** *(Continued)*

'Salary' includes gross salary, consolidated performance pay and any other allowances. Bonuses paid are accounted for separately. The pension benefits for the Executives are provided through the British Tourist Boards' Pension Scheme (see Note 25 to the Accounts).

Reporting bodies are required to disclose the relationship between the remuneration (Note 1) of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid Director in BTA in the financial year 2015/16 was £150,000-155,000 (2014/15 - £170,000-£175,000). This was 4.3 times (2014/15: 4.9) the median remuneration, (Note 2), of the workforce, which was £35,164 (2014/15: £35,000). The median remuneration is based on all UK and overseas staff only; it excludes agency workers and contractors. The ratio remained relatively constant from 2014 to 2015, reflecting stability in the remuneration packages and composition of the workforce.

No employees were paid more than the highest paid director. Remuneration ranged from £4,000 to £155,000 (2014/15: £4,000 - £155,000). Total remuneration includes salary, non-consolidated performance-related pay, bonuses and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Sally Balcombe  
Accounting Officer  
BTA  
27 June 2016

## Staff Report

VisitBritain and VisitEngland staff are employed by BTA and all employment matters are managed jointly.

### Staff costs

Staff costs comprise:

	2016			2015		
	Permanent Staff	Others	Total	Permanent Staff	Others	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs (including Directors) comprise:						
Salaries	7,309	4,750	12,059	7,440	4,681	12,121
Social Security costs	688	441	1,129	690	439	1,129
Other pension costs	1,880	44	1,924	1,667	148	1,815
Administration operating staff costs	9,877	5,235	15,112	9,797	5,268	15,065

### Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

	2016	2015
	Number	Number
Permanent (UK) staff	168	169
Other Staff	134	119
Total staff numbers	<b>302</b>	<b>288</b>

### Exit packages

Redundancy and other departure costs have been paid in accordance with the provisions of BTA's Premature Retirement and Redundancy policy. Exit costs (which includes pension enhancement costs) are accounted for in full in the year of departure. Where BTA has agreed early retirements, the additional costs are met by BTA and not the BTBP Scheme.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2015/16	(2014/15)	2015/16	(2014/15)	2015/16	(2014/15)
<£10,000	6	1	-	-	6	1
£10,000 - £25,000	8	4	-	-	8	4
£25,000 - £50,000	5	1	-	-	5	1
£50,000 - £100,000	7	1	1	-	8	1
£100,000 - £150,000	1	-	-	-	1	-
£150,000 - £200,000	1	-	-	-	1	-
>£200,000	1	1	-	-	1	1
Total number of exit packages by type (total cost)	29	8	1	-	30	8
Total resource cost	£1,527,043	£473,687	59,555	-	£1,586,598	£473,687

**Staff Report** *(Continued)***Consultancy Expenditure**

As of March 2016, BTA didn't have any consultancy expenditure during the year 2015-16.

**Tax policy for off-payroll appointees**

The Government's review of the tax arrangements of public sector appointees highlighted the possibility of artificial arrangements to enable tax avoidance, such as the use of personal service companies. The results and recommendations of this review were published on 23 May 2012, including measures for organisations to implement from 2013/14.

All new VisitBritain and VisitEngland contracts and contract renewals have been amended to include a clause which allows us to obtain assurance that individuals are paying the correct amount of tax and national insurance contributions.

The tables below show the number of off-payroll engagements. Note: table 3 shows the number of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", between 1 April 2015 and 31 March 2016. This is a wider definition than is used for determining which individuals should be included in the Remuneration Report.

Table 1: For all off-payroll engagements as of 31 March 2016, for more than £220 per day and lasting longer than six months.

<b>No. of existing engagements as of 31 March 2016</b>	<b>6</b>
Of which...	
No. that have existed for less than one year at time of reporting.	<b>2</b>
No. that have existed for between one and two years at time of reporting.	<b>3</b>
No. that have existed for between two and three years at time of reporting.	<b>1</b>
No. that have existed for between three and four years at time of reporting.	<b>0</b>
No. that have existed for four or more years at time of reporting.	<b>0</b>
Confirmation that all existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.	<b>Confirmed</b>



**Staff Report** (Continued)

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016, for more than £220 per day and that last for longer than six months.

<b>No. of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016</b>	<b>4</b>
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	<b>4</b>
No. for whom assurance has been requested	<b>4</b>
Of which...	
No. for whom assurance has been received	<b>4</b>
No. for whom assurance has not been received	<b>0</b>
No. that have been terminated as a result of assurance not being received.	<b>0</b>
In any cases where, exceptionally, the department has engaged without including contractual clauses allowing the department to seek assurance as to their tax obligations – or where assurance has been requested and not received, without a contract termination – the department should set out the reasons for this.	<b>N/A</b>

Table 3: For any off-payroll engagements of board members and/or, senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	<b>1</b>
No. of individuals that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both off-payroll and on-payroll engagements.	<b>29</b>

Mike Jones, Interim Head of Procurement was appointed 22<sup>nd</sup> June 2015.

**Employment**

The number of employees at 31 March 2016 classified by gender is as follows:

	Male	Female
Senior Executives	3	4
Total number of employees	75	206

## **Staff Report** *(Continued)*

### **Internal Communications**

BTA recognises the Public and Commercial Services Union (PCS) as representing the interests of staff in official negotiations. During the year PCS was consulted on a range of issues, including contractual terms and conditions, organisational changes and pay and grading issues. The PCS union represents staff in grievance and disciplinary cases.

BTA ensures that information is provided to employees in a timely manner and they are consulted on significant matters. This is achieved through the use of a range of communication channels including the staff intranet (incorporating up-to-date news and information, as well as networking forums), staff surveys, regular presentations on initiatives and developments within the organisation and industry, as well as meetings with senior management.

### **Pay**

BTA operates a performance management system and individual objectives are aligned to the Corporate Business Plans. Performance is assessed against targets and demonstration of corporate competencies with payments made based on achievements in both areas. All employees are rewarded purely on the basis of performance. There are no automatic annual increments.

### **Pension**

BTA offers a defined benefit (final salary) pension for its employees, in the United Kingdom and the USA, a defined contribution schemes in other parts of the world. UK based Employees contribute 5% of their gross salary to the pension scheme (see Note 25 to the Accounts). All new staff in UK are auto-enrolled into the scheme.

### **Contracts of Employment**

Contracts are open-ended rolling contracts; notice periods for staff are between 1 and 6 months. Termination payments are limited to the notice period unless redundancy is applied in which case a formula is used to calculate the amount of compensation (approximately equating to a lump sum compensation of one month's pay for each complete year of service). Fixed-term contracts are used to employ staff for short project based assignments as appropriate.

### **Sickness Absence**

The average sickness absence per full time employee in 2015/16 was 1.8 days compared to 2.8 days in 2014/15.

### **Training and Development**

BTA's performance management system is aligned to the corporate competencies of VisitBritain and VisitEngland. As part of the performance management process, training and development needs are identified and all staff are encouraged to take ownership of their own development through Personal Development Plans.

**Staff Report** *(Continued)*

**Equal Opportunities and Disability**

BTA maintains an inclusive environment. All employees have equal opportunities for employment and advancement solely on the basis of ability, qualifications and relevant skills and experience for the work. We are committed to an environment where there is no discrimination on any grounds including age, gender, racial or national origin, religious belief, sexual orientation or disability.

BTA regularly monitors and reports on a range of staff statistics including gender and ethnic origin.

**Investor in People**

VisitBritain has been recognised as an 'Investor in People' since 1994, and currently holds the Silver status which it retained with an improved overall rating in 2012. BTA is recognised as an ACCA approved employer.

## SUSTAINABILITY REPORT

### Introduction

During the year we undertook a number of initiatives to improve energy efficiency and our overall impact on the environment. Around the world we have adopted a policy of co-locating with our public diplomacy partners wherever possible. Out of 24 offices in 21 countries, 22 offices are within FCO or British Council offices. Our London head office is also based within another government department premises. This shared arrangement of energy usage and waste disposal, along with less staff travel undertaken, has helped us significantly reduce our carbon footprint.

### Summary of Performance

BTA's key sustainability performance indicators are summarised below:

Sustainability area	Units	Performance	
		2015/16	2014/15
<b>Non-financial indicators</b>			
Total CO <sub>2</sub> emissions	Tonnes	629	776
Energy consumption	KWh	851,769	795,637
Total waste	Tonnes	41.98	44.21
Water consumption	Meter <sup>3</sup>	2,792	2,812
<b>Financial indicators</b>			
Energy consumption costs	£'000	£82.0	£82.4
Official business travel costs	£'000	£360.7	£474.7
Waste disposal costs	£'000	£8.84	£6.84
Water supply costs	£'000	£3.78	£2.75

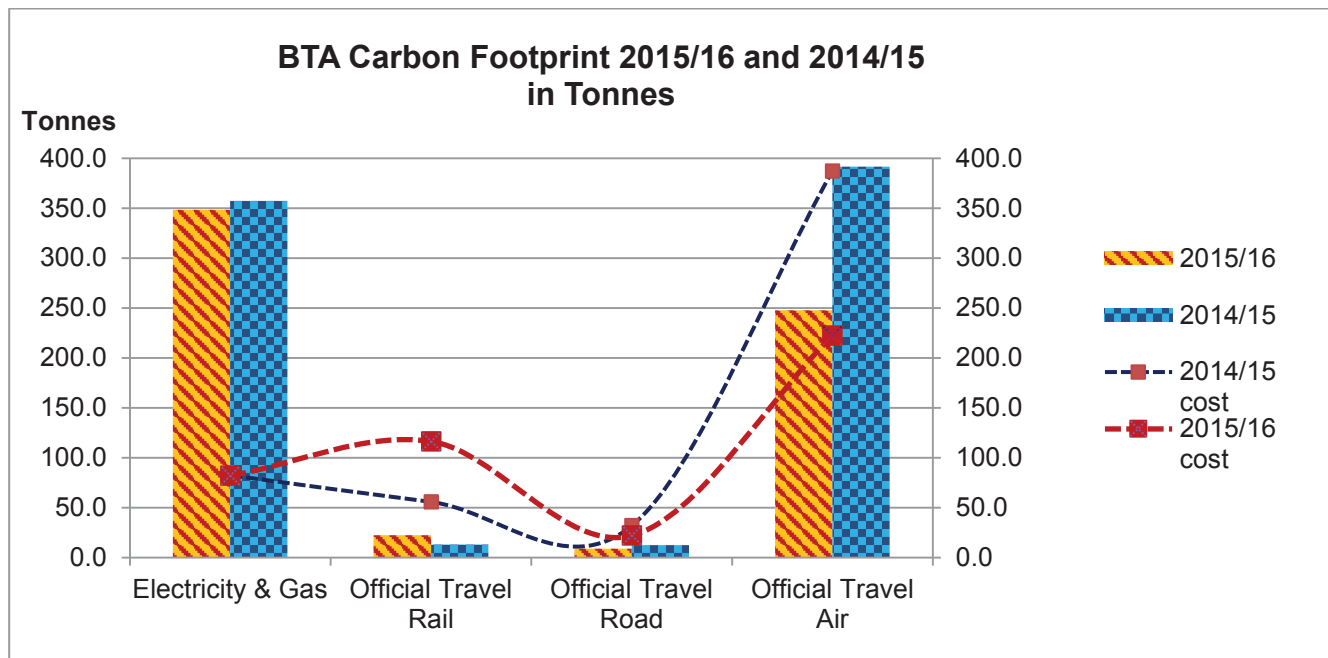
### **Notes:**

The scopes and conversion rates are set out in the Guidelines to Defra/DECC's Greenhouse Gas Protocol Conversion Factors for Company Reporting.

The rental arrangements for some overseas offices mean energy and water consumption and waste data are not readily available. Best estimates have been made using data from comparable offices.

Statement of Sustainability (Continued)

**BTA Carbon Footprint**

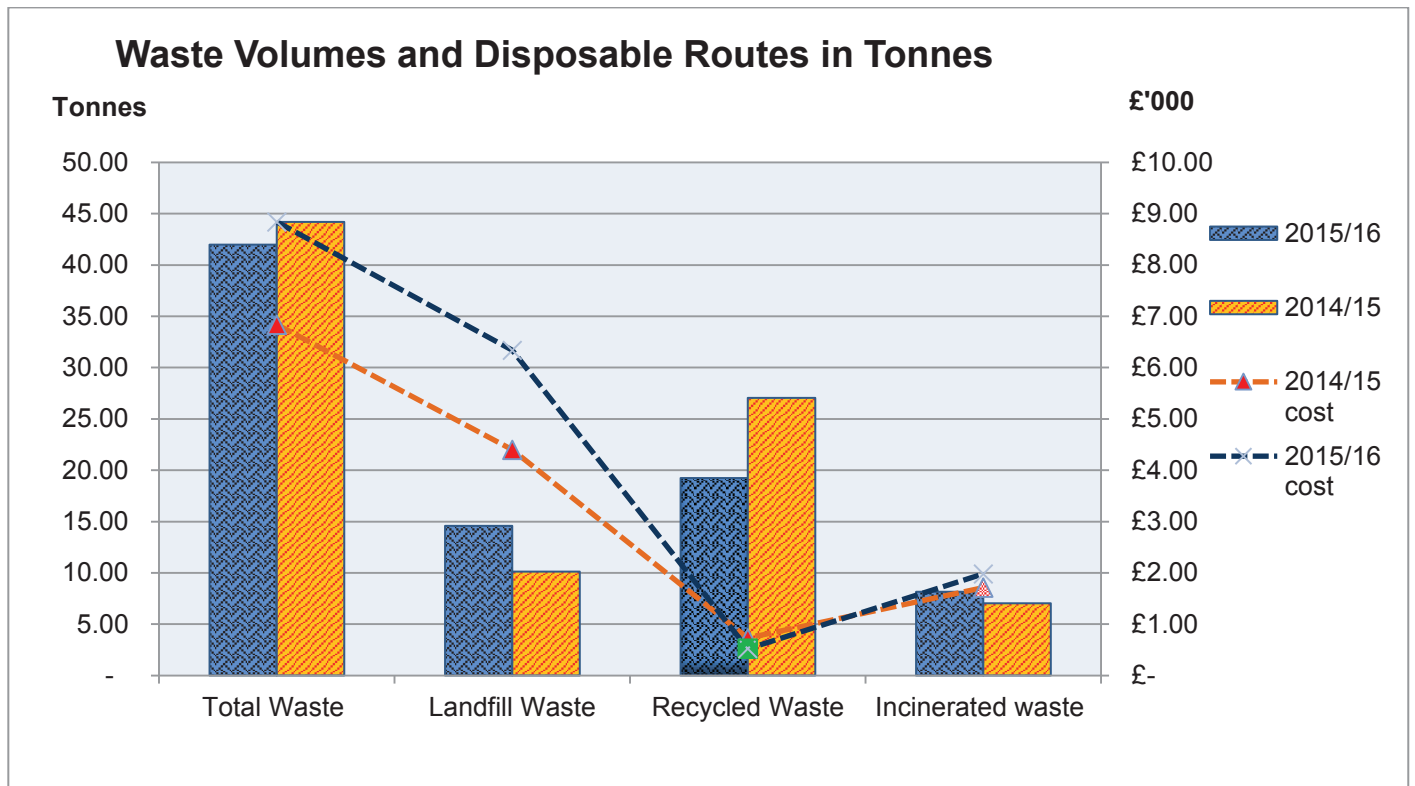


We are an international organisation that needs to maintain good communication with staff around the world and to communicate our work to our stakeholders. There was a concerted effort however to reduce the level of travel across the organisation in 2015/16, resulting in a significant decrease in flights by both London-based and overseas staff. By using information technology, such as video conferencing and webinars to hold meetings and conferences, we have continued to minimise the need for travel.

We operate a Cycle Loan scheme offering staff an interest-free loan to purchase bicycles and we are also a member of the Evans Cycles Ride2Work scheme. This scheme takes advantage of the Government's Green Transport Plan by allowing BTA employees to lease a new bike and receive tax savings while doing so.

Waste			2015/16	2014/15	
<b>Non-financial Indicators (tonnes)</b>	Total waste		41.98	44.21	
	Hazardous waste	Total	-	-	
		Non-hazardous waste	Landfill	14.57	10.11
			Reused/Recycled	19.24	27.05
			Incinerated/energy from waste	8.17	7.05
<b>Financial Indicators (£'000)</b>	Total disposal cost		8.84	6.84	
	Hazardous waste	Total	-	-	
		Non-hazardous waste	Landfill	6.34	4.40
			Reused/Recycled	0.52	0.73
			Incinerated/energy from waste	1.98	1.71

Statement of Sustainability (Continued)



Total waste volumes for BTA have reduced over the last two years, although the proportion of recycled waste has decreased. Higher occupancy levels within the shared Sanctuary Buildings in London have reduced the share of waste volume attributed to BTA, but the process of relocations and renovations have raised the volume of non-recyclable waste produced within the building as a whole. The removal of individual waste bins and provision of communal separate bins for recyclable and non-recyclable waste has promoted more sustainable waste disposal practices.

**Sustainable Procurement**

We employ Government Buying Standards when procuring affected goods and services. Additionally, where sustainability issues are critical to the performance of a product or service, we will ensure that they are included in our selection process. Such information may include energy consumption, the life-cycle of consumables or the lifetime of a product.

Our print buying policy recommends using Forest Stewardship Council certified or recycled paper for our marketing materials, leaflets and books. We avoid using materials and print finishes that are non-recyclable and regularly review print volumes and stock levels to minimise wastage.

## STATEMENT OF ACCOUNTING OFFICER RESPONSIBILITIES

Under Section 6(1) of the Development of Tourism Act 1969, the Secretary of State for Culture, Media and Sport, with the consent of HM Treasury, has directed the British Tourist Authority to prepare for each financial year a statement of accounts in the form, and on the basis, set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the British Tourist Authority and of its comprehensive net expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Secretary of State for Culture, Media and Sport including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

The Accounting Officer of the Department for Culture, Media and Sport has appointed me as the Accounting Officer of the British Tourist Authority. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the BTA's assets, are set out in Managing Public Money published by the HM Treasury.

As Accounting Officer, I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Sally Balcombe  
Accounting Officer  
BTA

27 June 2016

## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT AND THE SCOTTISH PARLIAMENT**

I certify that I have audited the financial statements of British Tourist Authority for the year ended 31 March 2016 under the Development of Tourism Act 1969. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows and Changes in Taxpayers' Equity, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the in the Remuneration and Staff Report that is described in that report as having been audited.

### **Respective responsibilities of the Board, Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer Responsibilities, the British Tourist Authority and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Development of Tourism Act 1969. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the British Tourist Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the British Tourist Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities that govern them.

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the British Tourist Authority's affairs as at 31 March 2016 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Development of Tourism Act 1969 and Secretary of State directions issued thereunder.



### **Opinion on other matters**

In my opinion:

- the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Development of Tourism Act 1969; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

11<sup>th</sup> July 2016

## **3. FINANCIAL STATEMENTS**

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British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2016

	Note	2016 £'000	2015 £'000
<b>Revenue</b>			
Income from activities	6	29,044	30,094
Other income	7	1,768	7,690
		<b>30,812</b>	<b>37,784</b>
Employee benefits costs	8	(15,112)	(15,065)
Depreciation and amortisation	17, 18	(312)	(104)
Other operating charges	9	(71,605)	(67,393)
Grants paid	11	(6,836)	(196)
Re-organisation costs	12	(1,847)	(480)
		<b>(95,712)</b>	<b>(83,238)</b>
<b>Net Expenditure before finance income</b>	13	<b>(64,900)</b>	<b>(45,454)</b>
Finance income	15	48	71
Finance expense	15	(828)	(767)
<b>Net Expenditure for the year</b>		<b>(65,680)</b>	<b>(46,150)</b>
<b>Other Comprehensive Income / (Expenditure)</b>			
<i>Items that will not be reclassified to net expenditure</i>			
Decrease (Increase) in UK pension liability on unfunded schemes	25	103	(4)
Remeasurements of defined benefit pension obligations	25	(3,910)	(7,409)
<b>Other Comprehensive Expenditure</b>		<b>(3,807)</b>	<b>(7,413)</b>
<b>Total Comprehensive Net Expenditure for the year</b>		<b>(69,487)</b>	<b>(53,563)</b>

All income and expenditure derived from continuing activities

The Notes on pages 74 to 110 form part of these financial statements.

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Financial Position as at 31 March 2016

	Note	2016 £'000	2015 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	168	98
Intangible Assets	18	405	534
Investment in subsidiary	19	1	1
Retirement benefit assets	25	-	76
<b>Total non-current assets</b>		<b>574</b>	<b>709</b>
<b>Current assets</b>			
Inventories	20	4,515	3,260
Trade and other receivables	21	6,056	7,377
Cash and cash equivalents	22	7,408	1,010
<b>Total current assets</b>		<b>17,979</b>	<b>11,647</b>
<b>Total assets</b>		<b>18,553</b>	<b>12,356</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	23	(15,048)	(9,668)
Derivative financial liabilities	24	(69)	-
<b>Total current liabilities</b>		<b>(15,117)</b>	<b>(9,668)</b>
<b>Total Assets less Current Liabilities</b>		<b>3,436</b>	<b>2,688</b>
<b>Non-current liabilities</b>			
Retirement benefit liabilities	25	(29,927)	(26,460)
<b>Total non-current liabilities</b>		<b>(29,927)</b>	<b>(26,460)</b>
<b>Total liabilities</b>		<b>(45,044)</b>	<b>(36,128)</b>
<b>Total Net Liabilities</b>		<b>(26,491)</b>	<b>(23,772)</b>
<b>Taxpayers' Equity</b>			
Income and expenditure reserve		(26,491)	(23,772)
		<b>(26,491)</b>	<b>(23,772)</b>

The financial statements were approved by the Board on 14 June 2016 and were signed on its behalf by:

Sally Balcombe  
Accounting Officer  
BTA

The Notes on pages 74 to 110 form part of these financial statements.

British Tourist Authority trading as VisitBritain and VisitEngland

Statement of Cash Flows for the Year Ended 31 March 2016

	<i>Note</i>	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Net expenditure for the year		(65,680)	(46,150)
Adjustments for:			
Depreciation and amortisation	17, 18	312	104
Defined benefit pension cost	25	2,322	1,978
Finance costs/( income) – UK&US pension scheme	25	828	767
Unrealised foreign exchange difference on US pensions scheme	25	14	(19)
Defined benefit employer pension contribution	25	(3,428)	(2,750)
Fair value adjustment on financial assets	24	69	(360)
<b>Cash flows from operating activities before changes in working capital and provisions</b>		<b>(65,563)</b>	<b>(46,430)</b>
Decrease/(increase) in trade and other receivables		1,321	1,198
Decrease/(Increase) in inventories		(1,255)	795
Increase/(decrease) in trade and other payables		5,380	(1,207)
<b>Net cash flows from operating activities</b>		<b>(60,117)</b>	<b>(45,644)</b>
<b>Investing activities</b>			
Purchases of property, plant and equipment		(179)	(148)
Purchases of Intangible Assets		(74)	(177)
<b>Net cash (outflows) from investing activities</b>		<b>(253)</b>	<b>(325)</b>
<b>Financing activities</b>			
Grant-in-aid received from the DCMS		66,768	45,947
<b>Net cash flows from financing activities</b>		<b>66,768</b>	<b>45,947</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,398</b>	<b>(22)</b>
<b>Cash and cash equivalents at beginning of the year</b>	26	1,010	1,032
<b>Cash and cash equivalents at end of the year</b>	26	<b>7,408</b>	<b>1,010</b>

The Notes on pages 74 to 110 form part of these financial statements.

Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2016

	Income and Expenditure	Total Taxpayer's deficit
	£'000	£'000
<b>Balance as at 1 April 2014</b>	<b>(16,156)</b>	<b>(16,156)</b>
<b>Changes in reserves 2014/15</b>		
Total comprehensive net expenditure for the year	(53,563)	(53,563)
Grant in Aid - Resource (see note 5)	45,628	45,628
Grant in Aid - Capital (see note 5)	319	319
<b>Balance as at 31 March 2015</b>	<b>(23,772)</b>	<b>(23,772)</b>
<b>Changes in reserves 2015/16</b>		
Total comprehensive net expenditure for the year	(69,487)	(69,487)
Grant in Aid - Resource (see note 5)	66,582	66,582
Grant in Aid - Capital (see note 5)	186	186
<b>Balance as at 31 March 2016</b>	<b>(26,491)</b>	<b>(26,491)</b>

**Reserve**

Income and expenditure

**Description and purpose**

Cumulative net gains and losses recognised in the consolidated income and expenditure statement.

The Notes on pages 74 to 110 form part of these financial statements.

## 1 Accounting Policies

These financial statements have been prepared in accordance with the 2015/16 Government Financial Reporting Manual (FReM) issued by HM Treasury and the Accounts Direction issued by the Secretary of State under the Development of Tourism Act 1969. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of BTA, for the purpose of giving a true and fair view, has been selected. The particular accounting policies adopted by BTA are described below. They have been applied consistently in dealing with items that are considered material to the accounts, unless otherwise stated.

The principle accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all of the years presented unless otherwise stated.

### *Basis of Preparation and Going Concern*

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and inventories.

The financial statements have been prepared on a going concern basis, which assumes that BTA will continue in operational existence for the foreseeable future. At the year-end 31 March 2016, BTA had a taxpayers' deficit of £26,491,000 (2014/15: £23,772,000).

The Board has considered the position of BTA, with respect to its obligations to ensure the business can continue in operational existence for the foreseeable future and confirms its approval to adopt the going concern basis for preparing these accounts.

The main factors the Board of BTA has considered in reaching this conclusion are summarised as follows:

- BTA is a non-departmental public body that is funded by the Department for Culture, Media and Sport (DCMS) through the Comprehensive Spending Review (CSR) process;
- BTA operating cash flows, taking into consideration Grant in aid funding, remains positive and based on current forecasts and budgets it will continue to do so for the foreseeable future;
- The taxpayers deficit is considered to be primarily caused by the retirement benefit obligation and related actuarial losses recognised in 2010 in the amount of £21,714,000 and which reflects a balance of £29,463,000 at 31 March 2016. Negotiations are in progress with the UK Pension Trustees aimed at rescheduling a planned programme of repayments to clear the deficit will be agreed as Actuarial Triennial valuation. We will also be in discussion regarding future potential changes to meet HM Treasury requirements on Pension Reform and their potential impact.

On this basis, the Board considers it appropriate to prepare the financial statements on a going concern basis.

### *Government Grants*

Grant-in-aid received for revenue purposes from the sponsoring body is treated as financing by crediting it to the income and expenditure reserve per FReM 8.1.13. Grant-in-aid received for the purchase of fixed assets in general is credited to the income and expenditure reserve.

## Accounting Policies (Continued)

### *Property, Plant and Equipment*

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Property, plant and equipment are subsequently carried at current value in existing use and are subject to revaluation under Modified Historic Cost Accounting (MHCA) when material. Changes in current value in existing use are recognised in the revaluation reserve. An appropriate transfer is made from the revaluation reserve to the income and expenditure reserve when property, plant and equipment are expensed through the Statement of Comprehensive Net Expenditure (e.g. through depreciation, impairment or sale).

BTA has a policy of capitalisation of all property, plant and equipment over £5,000.

### *Depreciation*

Depreciation is provided on all items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives or to their estimated residual values. It is applied at the following rates:

Improvement to leasehold land and building - the lease term

Fixtures and fittings - six years\*

Computer equipment - three years\*

Motor vehicles - four years\*

\* For these categories of assets, depreciation is charged for a full year in the year of purchase and no charge is made in the year of disposal.

### *Intangible assets*

Acquired intangible assets are initially recognised at cost. Costs are capitalised on the basis of the costs incurred to acquire and bring into use the specific software.

Intangible assets are subsequently carried at current value in existing use. Where no active market exists of the intangible assets, current value in existing use is determined with reference to the lower of depreciated replacement cost and value in use (if the asset is income generating). Changes in current value in existing use are recognised in the revaluation reserve. An appropriate transfer is made from the revaluation reserve to the income and expenditure reserve when intangible assets are expensed through the Statement of Comprehensive Net Expenditure (e.g. through amortisation, impairment or sale).

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by BTA are recognised as intangible assets if the following can be demonstrated:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the BTA is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.



### Accounting Policies (Continued)

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years. The amortisation expense is included in Statement of Comprehensive Net Expenditure.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the Statement of Comprehensive Net Expenditure as incurred.

#### *Inventories*

Inventories consist of transport and attraction tickets, publications and maps/guides. Inventories are initially recognised at cost, and subsequently measured at the lower of cost and net realisable value. Net realisable value is estimated selling price in the ordinary course of business less further expected costs to be incurred to completion and estimated costs necessary to make the sale. Costs incurred in producing publications and promotional items for which no revenue is obtained are charged to the Statement of Comprehensive Net Expenditure in the year in which they are incurred.

#### *Derivatives and Financial Instruments*

The recognition and measurement of financial instruments complies with IAS 39 'Financial Instruments – Recognition and Measurement' in so far as it applies to BTA.

#### *Financial Assets*

BTA has not classified any of its financial assets as held to maturity or available for sale.

BTA accounting policy for each category is as follows:

*Fair value through profit and loss:* This category comprises only in-the-money derivatives. They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Net Expenditure in 'other operating charges'. Other than derivative financial instruments which are not designated as a hedging instrument, BTA does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit and loss.

*Receivables:* These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables). They are recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and subsequently carried at amortised cost using the effective interest rate method.

#### *Financial Liabilities*

*Financial liabilities measured at amortised cost:* This category includes trade payables and other short-term monetary liabilities, which are recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

*Financial liabilities measured at fair value through profit and loss:* This category comprises only out of the money derivatives. They are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Comprehensive Net Expenditure in other operating expenses.

## Accounting Policies (Continued)

### *Provisions for Liabilities and Charges*

Provisions are made when a current obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Restructuring provisions are made for direct expenditure of a business reorganisation where the plans are sufficiently detailed and well advanced, approved by the Board of BTA and where appropriate communication to those affected has been undertaken at the Statement of Financial Position date.

### *Impairment of Non-financial Assets (excluding Inventories, Investment Properties and Deferred Tax Assets)*

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the other operating charges line item in the Statement of Comprehensive Net Expenditure, except to the extent they reverse gains previously recognised, in which case they are debited to the revaluation reserve.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that BTA will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Net Expenditure. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

### *Translation of Foreign Currencies*

Foreign currency transactions arising from normal trading activities are recorded at the rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated at the year-end exchange rate. Foreign currency gains and losses are credited or charged to the Statement of Comprehensive Net Expenditure as they arise.

Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated Statement of Comprehensive Net Expenditure.

### *Value Added Tax (VAT)*

UK VAT – BTA is subject to partial restriction on the deductibility of VAT on inputs calculated in accordance with a formula agreed with HM Revenue and Customs (HMRC). The amount of irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure in the year to which it relates.

Overseas VAT - In countries where BTA is not registered for VAT and does not recover VAT the costs of activities are charged gross, inclusive of VAT, to the Statement of Comprehensive Net Expenditure. In countries where BTA recovers VAT, either fully or partially, the treatment of irrecoverable VAT is the same as for UK VAT.

Property, plant and equipment – are shown at cost, net of VAT, in the Statement of Financial Position and the irrecoverable element is charged to the Statement of Comprehensive Net Expenditure.

## Accounting Policies (Continued)

### Leased Assets - Operating Leases

Leases of property, plant and equipment where BTA holds substantially all the risks and rewards of ownership are classified as finance leases. BTA currently has no leases of this type.

Leases where a significant portion of the risks and rewards are held by the lessor are classified as 'operating leases'. All leases regarded as operating leases and rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease. Any premium or discount on the acquisition of a lease is spread over the life of the lease on a straight-line basis.

### Revenue

Revenue represents the fair value of consideration received or receivable for services provided and goods sold, net of discount and sales taxes. Revenue from long term contractual arrangements is recognised based on the percentage of completion method.

Revenue from the Quality Assessment Schemes is derived from annual participation fees and one-off joining fees from those who participate in the schemes. Only when an assessment has been physically undertaken is the participation fee recognised as income. New joiners to the scheme pay a non-refundable joining fee which is recognised as income when received.

### Retirement Benefits

Employee benefits, including pensions and other post-retirement benefits are presented in these financial statements in accordance with IAS 19 'Employee Benefits'. BTA has both defined benefit and defined contribution plans.

#### Defined Contribution Plan

A defined contribution plan is a pension plan under which BTA pays fixed contributions into a scheme and has no legal or constructive obligations to pay further if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Net Expenditure in the year to which they relate.

#### Defined Benefits Scheme

A defined benefit plan is a plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined benefit scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- Unrecognised past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

### Accounting Policies *(Continued)*

Re-measurements of the net defined obligation/asset are recognised directly within equity through other comprehensive income/(expenditure) in the period in which they arise. The re-measurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive).

Service costs are recognised in the Statement of Comprehensive Net Expenditure, and include current and past service costs as well as gains and losses on curtailments. They are included as part of staff costs.

Net interest expense (income) is recognised in the Statement of Comprehensive Net Expenditure, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period. The assets are shown within finance costs or finance income as appropriate.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in the Statement of Comprehensive Net Expenditure.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Recognition of any surplus in the defined benefit schemes is limited based on the economic gain the BTA is expected to benefit from in the future by means of a refund or reduction in future contributions to the plan, in accordance with IAS 19.

Contributions are made to the British Tourist Boards' Staff Pensions and Life Assurance Scheme (see Note 25) in accordance with the advice of independent actuaries and are charged to the Statement of Comprehensive Net Expenditure in the year to which they relate. Overseas pension schemes are treated similarly.

## Accounting Policies (Continued)

### *Standards, Amendments and Interpretations to Existing Standards not yet Effective*

The application of any new or amended IFR standards is governed by their adoption by the FReM. Usually such changes are not put into effect by the FReM until the effective date of the related IFRS, although occasionally some changes are adopted early or may be delayed. The following standards have been published but are not effective for the periods presented and BTA has chosen not to early adopt:

- IFRS 9: Financial Instruments (from 1 January 2018)
- IFRS 14: Regulatory Deferral Accounts (from 1 January 2016)
- IFRS 15: Revenue from Contracts with Customers (from 1 January 2018)
- IFRS 16: Leases – Replace IAS 17 in its entirety (from 1 January 2019)
- Amendments to IAS 1: Presentation of financial statements (from 1 January 2016)
- Amendments to IAS 27: Equity Method in Separate Financial Statements (from 1 January 2016)
- Amendments to IAS 16 and IAS 41: Bearer Plants (from 1 January 2016)
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (from 1 January 2016)
- Amendments to IAS 7: Statement of cash flows – disclosure initiative amendments (from 1 January 2017)
- IAS 12 (Amendment) - Income taxes - Statement of cash flows – Recognition of Deferred Tax assets for unrealized losses (from 1 January 2017)
- Annual improvements 2012 - 2014 cycles (from 1 January 2016)
- IAS 27 : Equity method in Separate Financial Statements per IFRS (from 1 January 2016)
- Amendments to IFRS 11: Amendments for accounting for acquisition of an interest in a joint operation (from 1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 (amendments): Clarification to the application of consolidation and equity accounting requirements of investment entities and non-investment entities with (direct and indirect) interests in investment entities (from 1 January 2016)

IFRS 9: Financial Instruments (effective from 1 January 2018). It is envisaged that this standard will replace IAS 39: Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 (2010) deals with classification and measurement of financial assets and its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: at amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. IFRS 9 has not yet been adopted by the European Union.

IFRS 15: Revenue from Contracts with Customers (for accounting periods beginning on or after 1 January 2018) establishes a single comprehensive model to use in the accounting of revenue arising from customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity is entitled in exchange for those goods or services.

BTA is currently assessing the impact of these amendments, revisions and interpretations on its Financial Statements but, at this stage, does not consider that they will have a significant material effect save for any additional disclosure requirements.

IFRS 16: Leases (for accounting periods beginning on or after 1 January 2019) replaces IAS 17 in its entirety and addresses the recognition, measurement, presentation and disclosure requirements of lease agreements. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases over 12 months. IFRS 16 has not yet been adopted by the European Union.

## 2 Significant Accounting Estimates and Judgements

BTA makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### (a) Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets are measured at fair value depreciated over their useful lives to their estimated residual values. Fair values, useful lives and residual values are based on management's estimates and are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in carrying value and amounts charged to the Statement of Comprehensive Net Expenditure in specific periods.

### (b) Inventories

The net realisable value of, and demand for, inventories are reviewed on a regular basis and particularly at the year end to provide assurance that it is stated at the lower of cost and net realisable value. Factors that could impact estimated demand and selling prices include the timing and success of innovations, competitor activities, supplier prices and economic trends.

### (c) Defined Benefit Assumptions

The costs, assets and liabilities of the defined benefit schemes operated by BTA are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in Note 25. BTA takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the Statement of Comprehensive Net Expenditure and the Statement of Financial Position.

### 3 Financial Instruments and Risk Management

The principal financial instruments are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Forward exchange contracts (classified as derivative financial assets/liabilities)

The following tables show financial instruments by category:

	2016			2015		
	Loans and Receivables £'000	Financial assets at fair value through profit & loss £'000	Total £'000	Loans and Receivables £'000	Financial assets at fair value through profit & loss £'000	Total £'000
<u>Financial assets</u>						
Trade and other receivables	2,547	-	2,547	4,925	-	4,925
Cash and cash equivalents	7,408	-	7,408	1,010	-	1,010
	9,955	-	9,955	5,935	-	5,935

	2016			2015		
	Financial liabilities held at amortised cost £'000	Financial liabilities at fair value through profit and loss £'000	Total £'000	Financial liabilities held at amortised cost £'000	Financial liabilities at fair value through profit and loss £'000	Total £'000
<u>Financial liabilities</u>						
Trade and other payables	11,026	-	11,026	8,577	-	8,577
Derivative financial liabilities	-	69	69	-	-	-
	11,026	69	11,095	8,577	-	8,577

### 3 Financial Instruments and Risk Management *(Continued)*

The table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement of BTA. BTA considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

There were no transfers between levels during the year (2014/15: Nil).

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The derivative financial instruments recognised as financial liabilities at fair value through profit and loss in the amount of £69k (2014/15: Nil) were classified as level 2 instruments.

Financial liabilities held at amortised cost include trade payables and other short term monetary liabilities, which are recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. There is no material difference between the net carrying amounts and the fair values, and consequently no amortisation of interest on this financial liability class due to their short term nature.

BTA's overall risk management programme seeks to minimise potential adverse effects on BTA's financial performance.

BTA's financial instruments comprise cash and liquid resources and various items such as trade payables and receivables that arise directly from its operations. BTA is exposed through its operations to the following risks:

- Credit risk
- Liquidity risk
- Market risk

In common with all other organisations, BTA is exposed to risks that arise from its use of financial instruments. This Note describes BTA's objectives, policies and processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in BTA's exposure to financial instrument risks and consequently the objectives, policies and processes are unchanged from the previous period.

The Board of BTA has overall responsibility for the determination of the risk management policies. The objective of the Board is to set policies that seek to reduce the risk as far as possible without unduly affecting BTA's competitiveness and effectiveness. Further details of these policies are set out below:



### 3 Financial Instruments and Risk Management *(Continued)*

#### *Credit Risk*

BTA is primarily exposed to credit risk of £2.4million (2014/15: £4.0million) of trade receivables which are spread over a range of customers and countries. BTA has recovered more than 99% of trade receivables over the last 2 years and write offs in the year 2015/16 amounted to £500 (£30k in 2014/15).

It is group policy, implemented locally, to assess the credit risk of each new customer before entering into binding contracts. Each customer account is then reviewed on an on-going basis (at least once a year) based on available information and payment history.

Quantitative disclosure of the credit risk exposure in relation to trade and other receivables is given in Note 21.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. BTA's main banking arrangements are with Royal Bank of Scotland. Amounts held by overseas operations with banks are kept to a minimum.

BTA does not enter into derivatives to manage credit risk.

#### *Liquidity Risk*

The cash requirements of BTA are met mainly through grant-in-aid provided by the DCMS under the provision of the Act. Following the Government's objectives, BTA seeks to ensure that optimum use is made of all resources during the financial year and so far, as is consistent with its objectives, seeks to maximise non-exchequer resources generally through close working partnerships with the private sector and commercial activities. As a result BTA is not exposed to significant liquidity risk.

#### *Market Risk*

Market risk arises from BTA's interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value, or future cash flows, of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or foreign currency exchange rates (foreign currency risk).

#### *Interest Rate Risk*

BTA is exposed to interest rate risk through its financial assets and liabilities. These financial assets and liabilities carry no or nominal interest, thus BTA considers its exposure to interest rate risk not to be significant. Bank balances are placed on overnight deposit at current bank deposit rates.

#### *Foreign Currency Risk*

Foreign exchange transaction risk arises when individual operations enter into transactions denominated in a currency other than their functional currency.

BTA has a foreign currency policy in place, which has been agreed by the BTA Board and Audit Committee. The latter receives reports at each meeting of the Committee on currency purchases and the outstanding position at that time. BTA's policy is, where possible, to settle liabilities denominated in their functional currency with the cash generated from their commercial operations in that currency. Where considered appropriate, foreign currency exchange forward contracts are used to control the risk of foreign currency fluctuations. At 31 March 2016, BTA had £2m open foreign currency exchange forward contract commitments (2014/15: Nil).

#### 4 Segment Information

BTA overall has determined nine reportable segments, five for VisitBritain and four for VisitEngland, that are largely organised and managed separately according to a combination of the nature of services provided and operational spend and geographical location based on the management information.

The main reportable segments are as follows:

##### VisitBritain

- *Britain Marketing*: International marketing activities with the core objective of ‘inspiring travellers from overseas to visit and explore Britain’;
- *Global Network*: Delivering a global network to support tourism promotion overseas, providing an overseas office network for all the national and regional tourist boards and for the tourism industry. By sharing market intelligence, customer insights, local contacts and operational and execution capabilities, VisitBritain helps its UK partners reach overseas customers and together create substantial efficiency savings;
- *Retail*: Maximise public investment through commercial activity. The retail operation was reported as part of the Global Network in prior years;
- *Championing Tourism*: Engaging industry and Government in support of its growth of the tourism industry, and
- *Shared Services*: This segment involves the business and administration services of VisitBritain.

##### VisitEngland

- *England Marketing*: This segment concerns marketing England both domestically and internationally;
- *Enterprise*: Has responsibility for accommodation standards and visitor attraction grading schemes and provides advice and business support with the overall aim of improving the quality of tourism provision in England;
- *Strategy and Development*: Delivering the programme of activity to deliver the national tourism strategy and facilitate sector growth; and
- *Shared Services*: This segment involves the business and administration services of VisitEngland.

##### *Measurement of operating segment income and expenditure, assets and liabilities*

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

BTA evaluates performance on the basis of the net expenditure i.e. excluding the effects of finance income and notional costs. There are no inter-segment revenue streams.

Due to the nature of VisitBritain and VisitEngland’s business, assets and liabilities are not managed on a sector basis and consequently no allocation of assets and liabilities are made to individual operating segments.

**British Tourist Authority trading as VisitBritain and VisitEngland  
Notes Forming Part of the Financial Statements for the Year Ended 31 March 2016**

**4 Segment Information (Continued)**

	VisitBritain & VisitEngland Total		VISITBRITAIN				VISITENGLAND				BTA Total	
	Britain Marketing	Global Network	Retail	Championing Tourism	Shared Services & CEO Board	VisitBritain Total	VE Marketing	VE Enterprise	VE Strategy & Development	Shared Services & CEO Board		VisitEngland Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>2015/16</b>												
Income	6,096	51	23,125	-	212	29,484	368	938	22	-	1,328	30,812
Inter-segmental revenue												
Revenue from external customers	6,096	51	23,125	-	212	29,484	368	938	22	-	1,328	30,812
Segment deficit for the year before shared service cost allocation	(32,165)	(5,049)	1,772	(1,699)	(11,414)	(46,555)	(4,212)	(1,463)	(8,888)	(2,561)	(17,124)	(65,679)
Net finance (costs)/income	-	-	-	-	-	-	-	-	-	-	-	(780)
Depreciation and amortisation	-	-	-	-	-	-	-	-	-	-	-	(312)
Defined benefit pension costs	-	-	-	-	-	-	-	-	-	-	-	(2,322)
Defined benefit employer pension contribution adjustment	-	-	-	-	-	-	-	-	-	-	-	3,413
Shared services costs	-	-	-	-	1,643	1,643	-	-	-	(1,643)	(1,643)	-
<b>Segment net expenditure for the year</b>	<b>(32,165)</b>	<b>(5,049)</b>	<b>1,772</b>	<b>(1,699)</b>	<b>(9,771)</b>	<b>(46,912)</b>	<b>(4,212)</b>	<b>(1,463)</b>	<b>(8,888)</b>	<b>(4,204)</b>	<b>(18,767)</b>	<b>(65,680)</b>
<b>2014/15</b>												
Income	8,317	259	19,454	-	216	28,246	8,756	744	38	-	9,538	37,784
Inter-segmental revenue												
Revenue from external customers	8,317	259	19,454	-	216	28,246	8,756	744	38	-	9,538	37,784
Segment deficit for the year before shared service cost allocation	(24,635)	(5,794)	1,546	(1,912)	(7,470)	(38,265)	(3,029)	(506)	(2,473)	(1,868)	(7,876)	(46,141)
Finance income	-	-	-	-	-	-	-	-	-	-	-	(696)
Depreciation	-	-	-	-	-	-	-	-	-	-	-	(104)
Defined benefit pension costs	-	-	-	-	-	-	-	-	-	-	-	(1,978)
Defined benefit employer pension contribution adjustment	-	-	-	-	-	-	-	-	-	-	-	2,769
Shared services costs	-	-	-	-	1,244	1,244	-	-	-	(1,244)	(1,244)	-
<b>Segment net expenditure for the year</b>	<b>(24,635)</b>	<b>(5,794)</b>	<b>1,546</b>	<b>(1,912)</b>	<b>(6,226)</b>	<b>(37,021)</b>	<b>(3,029)</b>	<b>(506)</b>	<b>(2,473)</b>	<b>(3,112)</b>	<b>(9,120)</b>	<b>(46,150)</b>

**4 Segment Information** *(Continued)*

Geographical Information:

**Income (excluding GIA) by country:**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
UK	15,980	24,970
Germany	3,745	3,244
United States Of America	1,534	1,317
France	2,243	1,761
Australia	434	435
Holland	1,547	1,443
Sweden	360	445
Spain	485	385
Italy	859	759
India	811	455
Canada	310	281
Japan	665	468
Other Countries	1,839	1,821
	<u>30,812</u>	<u>37,784</u>

\*The 2015/16 result includes £nil (2014/15: £6.712m) grant income received from Department for Business, Innovation and Skills for the Regional Growth Fund (RGF) marketing project.

Geographical information about BTA's non-current assets is not available and the cost to produce this is considered excessive.

**5 Grants**

Government grant-in-aid allocation from the Department for Culture, Media and Sport amounts to £66.768 million including £186,000 capital (2014/15: £45.947 million including £319,000 capital grant-in-aid).

Other grants received (see Note 7) include £nil (2014/15: £6.712 million) from the Department for Business, Innovation and Skills for the RGF Project, £1,175k (2014/15: £201k) from the UK Trade & Investment for part funding partners attending trade shows overseas to promote UK tourism and £47k (2014/15: nil) from the European Commission.

**6 Income from Activities**

Gross income represents the invoiced amount of goods sold and services provided (stated net of trade discount and value added tax) and, in the case of continuing activities, the value of work done during the year.

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Revenue arises from:		
Partnership marketing, media & publicity income	3,645	8,822
Income from exhibition, fairs & workshops	1,553	1,095
Income from Commercial activities	23,084	19,441
Quality scheme income	762	736
	<hr/>	<hr/>
Total revenue	<u>29,044</u>	<u>30,094</u>

**7 Other Income**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Other grants	1,224	6,913
Office rental income	218	217
Other income	326	560
	<hr/>	<hr/>
Total other operating income	<u>1,768</u>	<u>7,690</u>

\*The 2015/16 result includes £1,175k (2014/15 - £201k) grant received from the UK Trade & Investment for part funding partners attending trade shows overseas to promote UK tourism, and £49k (2014/15: nil) from the European Commission. 2014/15 included £6.712m from Department for Business, Innovation and Skills for the RGF marketing project.

BTA sub-lets properties in London and also received rental income from London & Partners and Visit Wales in the USA. For the year ended 31 March 2016, the total rental income from the sub-let of properties was £218k (2014/15: £217k).

**8 Employee Benefits Costs**

	2016			2015		
	Permanent Staff	Others	Total	Permanent Staff	Others	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs (including Directors) comprise:						
Salaries	7,309	4,750	12,059	7,440	4,681	12,121
Social Security costs	688	441	1,129	690	439	1,129
Other pension costs	1,880	44	1,924	1,667	148	1,815
Administration operating staff costs	9,877	5,235	15,112	9,797	5,268	15,065

**9 Other Operating Charges**

	2016	2015
	£'000	£'000
Partnership marketing, media & publicity costs	38,269	40,760
Publishing	1,413	555
Commercial cost of sales and overhead cost	20,226	17,088
Quality scheme costs	55	36
Distribution costs	144	89
Research and evaluation	2,433	2,316
Property and support costs – overseas	1,724	1,896
Property and support costs – UK	2,563	2,838
VisitEngland Board secretariat operation costs	12	12
Irrecoverable VAT (UK and overseas)	5,106	1,822
Prior year creditors provision written off	(405)	(69)
Foreign exchange (gain)/loss	49	98
Fair value adjustment on financial asset	16	(48)
Total other operating charges	<b>71,605</b>	<b>67,393</b>

**10 Analysis of Expenditure by Programme and Administration Budget**

	Administration	Programme	Total	Administration	Programme	Total
	2016	2016	2016	2015	2015	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Partnership marketing, media & publicity costs	19,218	19,051	38,269	11,634	29,126	40,760
Publishing	542	871	1,413	427	128	555
Commercial cost of sales and overhead cost	20,226	-	20,226	17,088	-	17,088
Quality scheme costs	55	-	55	36	-	36
Distribution costs	106	38	144	66	23	89
Research and evaluation	2,158	275	2,433	1,831	485	2,316
Property and support costs – Overseas	1,387	337	1,724	867	1,029	1,896
Property and support costs – UK	2,563	-	2,563	2,838	-	2,838
VisitEngland Board secretariat operation costs	12	-	12	12	-	12
Irrecoverable VAT (UK and overseas)	2,733	2,373	5,106	868	954	1,822
Prior year creditors provision written off	(374)	(31)	(405)	(69)	-	(69)
Foreign exchange (gain)/loss	49	-	49	98	-	98
Fair value adjustment on financial asset	4	12	16	(48)	-	(48)
Employee Benefits Costs	14,409	703	15,112	13,934	1,131	15,065
Depreciation and amortisation	312	-	312	104	-	104
Grants paid to Regional Tourist Boards	5,088	1,573	6,661	176	20	196
General grants relating to Regional Tourism entities	175	-	175	-	-	-
Re-organisation costs	1,847	-	1,847	480	-	480
Total other operating charges	70,510	25,202	95,712	50,342	32,896	83,238

Programme expenditure relates to the “GREAT” Image (VB), and ‘Holidays at Home are GREAT’ (VE) Campaigns as well as the Chinese Visa Refund Scheme funding.

**11 Grants Paid**

	<b>BTA</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
General grants relating to Regional Tourism entities	175	196
Tourism Fund grants relating to Destination entities	6,661	-
	<u>6,836</u>	<u>196</u>
Total grant payments to regional and other tourism bodies	<u>6,836</u>	<u>196</u>

**12 Reorganisation Costs**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Staff redundancy costs*	1,014	234
Staff moving & recruitment costs	187	-
Legal and professional fees	52	-
	<u>1,253</u>	<u>234</u>
Office Closure Costs	81	6
Pension enhancement costs**	513	240
	<u>1,847</u>	<u>480</u>

\*Staff redundancy costs include exit packages and other related costs

\*\* Pension enhancement costs incurred in 2015/16 was £513k (2014/15 to £240k), all relating to the BTBP pension scheme, which was adjusted (credited) per the IAS 19 accounting requirement implemented. Office closure costs of £81k (2014/15: £6k) were incurred.



**13 Net Expenditure before Finance income/(expense)**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Net expenditure for before finance cost	(64,900)	(45,454)
This has been arrived at after charging/ (crediting):		
VisitBritain Board Members' remuneration	80	82
VisitEngland Board Members' remuneration	83	94
Auditors' remuneration (UK)*	56	54
Auditors' remuneration (overseas)	-	2
Operating lease expense:		
- Land and buildings	2,082	2,085
- Vehicles and equipment	5	36
Travel, subsistence and hospitality:		
- Chairman and Board Members (VisitBritain)	31	24
- Chairman and Board Members (VisitEngland)	9	8
- Employees	1,143	1,341
Depreciation (note 17)	109	104
Amortisation (note 18)	203	-

\*The external audit fee includes £53k (2014/15: £47.5k) in respect of external audit services performed by the National Audit Office, and £nil (2014/15: £7k) in respect of Regional Growth Fund audit performed by other auditors. The fee does not include any fees for non-audit work as no such work was undertaken during the year.

**14 Overseas and Domestic Activities**

BTA is required under the current Accounts Direction issued by the DCMS to disclose separately, expenditure on the promotion of Britain internationally and England domestically and internationally and to disclose the expenditure made on behalf of the ETB Board Members.

The following table reports total expenditure split between international and domestic marketing activities:

2015/16	Britain	England	England	Total
	International	Domestic	International	
	£'000	£'000	£'000	£'000
Employee benefit costs (see note 8)	10,617	4,495	-	15,112
Re-organisation staff related costs and professional fees (see note 12)	853	913	-	1,766
Re-organisation other costs (see note 12)	81	-	-	81
Project costs	54,333	12,248	-	66,581
Operational costs	10,061	2,111	-	12,172
<b>Gross expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>75,945</b>	<b>19,767</b>	<b>-</b>	<b>95,712</b>
Less:-				
Other grant income	1,075	149	-	1,224
Non-Government Funding (NGF) (see note 6, 7 & 15)	27,874	934	-	28,808
<b>Net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>46,996</b>	<b>18,684</b>	<b>-</b>	<b>65,680</b>

\* Project costs include marketing, commercial cost of sales and research (see notes 9 & 11).

\*\*Operational costs relates to overhead costs and depreciation (see notes 9 & 17).

2014/15	Britain	England	England	Total
	International	Domestic	International	
	£'000	£'000	£'000	£'000
Employee benefit costs (see note 8)	10,210	4,257	598	15,065
Re-organisation staff costs (see note 12)	37	437	-	474
Re-organisation other costs (see note 12)	-	6	-	6
Project costs	47,378	9,919	726	58,023
Operational costs	7,183	2,270	217	9,670
<b>Gross expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>64,808</b>	<b>16,889</b>	<b>1,541</b>	<b>83,238</b>
Less:-				
Other grant income	176	6,737	-	6,913
Non-Government Funding (NGF) (see note 6, 7 & 15)	27,600	2,217	358	30,175
<b>Net expenditure per the Statement of Comprehensive Net Expenditure</b>	<b>37,032</b>	<b>7,935</b>	<b>1,183</b>	<b>46,150</b>

**14 Overseas and Domestic Activities** *(Continued)*

The allocation of expenditure between international and domestic activity is made as follows:

1. Expenditure undertaken directly for international or domestic activity is allocated directly;
2. Expenditure that is a shared resource for economic or control reasons is allocated using various ratios that recognise the underlying impact. The criteria used for such allocation includes; time, space or allocation recognising use of corporate resources;
3. It is not possible to split capital expenditure between domestic and international activity as the fixed assets are shared between all areas.

<b>VisitEngland Board Member's expenditures</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Board Members' remuneration	82,950	93,958
Employers NI & other taxes	5,850	6,196
Travel & subsistence and secretariat	9,160	8,073
<b>Total expenditure</b>	<b>97,960</b>	<b>108,227</b>

**15 Finance Income**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<i>Finance Income:</i>		
Interest received on bank deposits	48	51
Interest received on VAT refund	-	20
	<hr/> 48	<hr/> 71
<i>Finance expense:</i>		
Net interest cost on UK & US pension scheme (see note 25)	(828)	(767)
Net finance expense	(780)	(696)

**16 Tax Expense**

BTA is assessed for Corporation Tax in the UK on its activities, excluding those funded by grant-in-aid. Unused taxable losses carried forward to 2015/16 amount to £72.9million (2014/15: £62.8million) and the estimated taxable losses for 2015/16 is approximately £10.1million.

BTA is assessed for corporate tax in Germany, India and Hong Kong and in all of these countries there is no corporate tax due.

**17 Property, Plant and Equipment**

	Motor vehicles £'000	IT equipment £'000	Fixtures fittings & equipment £'000	Total £'000
<b><i>Cost or valuation</i></b>				
Balance at 31 March 2014	25	320	39	<b>384</b>
Additions	-	148	-	<b>148</b>
Disposals	-	(157)	(39)	<b>(196)</b>
<b>Balance at 31 March 2015</b>	<b>25</b>	<b>311</b>	<b>-</b>	<b>336</b>
Additions	-	179	-	<b>179</b>
Disposals	(25)	(162)	-	<b>(187)</b>
<b>Balance at 31 March 2016</b>	<b>-</b>	<b>328</b>	<b>-</b>	<b>328</b>
<b><i>Accumulated depreciation</i></b>				
Balance at 31 March 2014	25	266	39	<b>330</b>
Revaluation	-	-	-	<b>-</b>
Charge for the year	-	104	-	<b>104</b>
Disposals	-	(157)	(39)	<b>(196)</b>
<b>Balance at 31 March 2015</b>	<b>25</b>	<b>213</b>	<b>-</b>	<b>238</b>
Charge for the year	-	109	-	<b>109</b>
Disposals	(25)	(162)	-	<b>(187)</b>
<b>Balance at 31 March 2016</b>	<b>-</b>	<b>160</b>	<b>-</b>	<b>160</b>
<b><i>Net carrying value</i></b>				
At 31 March 2015	-	<b>98</b>	-	<b>98</b>
<b>At 31 March 2016</b>	<b>-</b>	<b>168</b>	<b>-</b>	<b>168</b>

**17 Property, Plant and Equipment** *(Continued)***Improvements to leasehold land and buildings, motor vehicles, computer equipment, fixtures, fittings and equipment**

These classes of assets are carried at fair value and are subject to revaluation under Modified Historic Cost Accounting (MHCA). As in 2015/16, appropriate indices were used and indexation was considered to be insignificant, accordingly no adjustment has been recognised in this regard.

**Capital Commitment**

BTA has no contractual commitment to purchase property, plant and equipment.

**18 Intangible Assets**

	Computer software	Computer software under development	Total
	£'000	£'000	£'000
<b><i>Cost or valuation</i></b>			
Balance at 31 March 2014	-	357	357
Additions	-	177	177
Balance at 31 March 2015	-	<b>534</b>	<b>534</b>
Additions	-	74	74
Transfers	608	(608)	-
Balance at 31 March 2016	<b>608</b>	-	<b>608</b>
<b><i>Accumulated amortisation</i></b>			
Balance at 31 March 2014 and 2015	-	-	-
Charge for the year	203	-	203
Balance at 31 March 2016	<b>203</b>	-	<b>203</b>
<b><i>Net carrying value</i></b>			
At 31 March 2015	-	<b>534</b>	<b>534</b>
<b>At 31 March 2016</b>	<b>405</b>	-	<b>405</b>

**19 Investment in Subsidiary Undertakings**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
At beginning of the year	1	1
Disposal of subsidiary	-	0
At end of the year	<u>1</u>	<u>1</u>

<b>Subsidiary undertaking</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership interest at 31 March</b>	
		<b>2016</b>	<b>2015</b>
VBSIPL	India	100%	100%

The results of the VisitBritain Services India Private Ltd (VBSIPL) have been excluded from the consolidation on the basis that its inclusion is not material for the purposes of giving a true and fair view.

**20 Inventories**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Finished goods and goods for resale	4,515	3,260
<b>Total inventories</b>	<u><b>4,515</b></u>	<u><b>3,260</b></u>

**21 Trade and Other Receivables**

	<b>BTA</b>	
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Trade receivables	2,356	4,000
Less: provision for impairment of trade receivables	(14)	(13)
<b>Trade receivables – net</b>	<b>2,342</b>	<b>3,987</b>
VAT receivables	1,841	1,326
Other receivables	205	938
Prepayments	1,553	1,087
Accrued income	110	34
HM Government – Section 4 grants recoverable	6	6
Less provisions for irrecoverable section 4 grants	(1)	(1)
<b>Total trade and other receivables</b>	<b>6,056</b>	<b>7,377</b>

There is no material difference between the net carrying amounts and the fair values of trade and other receivables due to their short term nature.

There is no particular concentration of credit risk to BTA's trade receivables as BTA has a large number of customers. The majority of customers are based in the United Kingdom.

The provision for impairment is analysed as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April beginning of the year	13	13
Income and Expenditure statement release	1	30
Provision utilised	-	(30)
<b>At 31 March end of the year</b>	<b>14</b>	<b>13</b>

The creation and release of provision for impaired receivables has been included in the comprehensive statement of income and expenditure under other expenses.

**21 Trade and Other Receivables** *(Continued)*

The provision for impaired receivables has been included in the Statement of Comprehensive Net Expenditure under other operating charges.

BTA does not hold any collateral as security.

As at 31 March 2016 trade receivables of £318k (2014/15: £707k) were past due but not impaired. The ageing analysis of these receivables is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Up to 90 days	304	695
Over 90 days	14	12
	<b>318</b>	<b>707</b>

The carrying values of BTA's trade and other receivables are denominated in the following currencies:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>VisitBritain (BTA)</b>		
Pound sterling	5,268	5,909
US dollar	320	357
Euro	225	850
Other	243	261
	<b>6,056</b>	<b>7,377</b>

**22 Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Opening Cash at bank and in hand	1,010	1,032
Movement	6,398	(22)
<b>Closing Cash at bank and in hand</b>	<b>7,408</b>	<b>1,010</b>

All cash in bank balances are held at commercial bank accounts



**23 Trade and Other Payables**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	5,857	5,230
Other taxes and social security taxes	3,446	210
Other payables	4	46
Deferred income	571	876
Accruals	5,165	3,301
HM Government – Section 4 grants payable	6	6
Less provisions for irrecoverable section 4 grants	(1)	(1)
<b>Total trade and other payables</b>	<b>15,048</b>	<b>9,668</b>

There is no material difference between the net carrying amounts and the fair values of trade and other payables due to their short term nature.

Maturity analysis of the financial liabilities classified as financial liabilities measured at amortised cost is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Up to 30 days	4,498	1,370
30 to 90 days	1,324	3,858
Over 90 days	5,204	3,349
	<b>11,026</b>	<b>8,577</b>

The carrying values of BTA's trade and other payables are concentrated in the following principal currencies:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Pound sterling	13,178	8,432
Euro	596	259
US dollar	622	94
Other	652	883
	<b>15,048</b>	<b>9,668</b>

**24 Derivative Financial Instruments**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Forward foreign exchange contracts - liability	(69)	-
<b>Total financial instruments classified as held for trading</b>	<b>(69)</b>	<b>-</b>

BTA had £2.1m open foreign exchange contracts at 31 March 2016. All contracts at 31 March 2016 matured in less than 12 months; therefore the instruments were classified as current.

The fair value of BTA's foreign exchange derivatives was based on bank valuations.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative instruments in the Statement of Financial Position.

**25 Retirement Benefits**

BTA operates two post-employment defined benefit schemes for its employees, in the United Kingdom and the USA, and defined contribution schemes in other parts of the world.

The total pension contributions cost of BTA was £3.547million (2014/15 - £2.827million), of which £1.044million (2014/15 - £1.166million) is normal contribution related to BTA's main defined benefit pension scheme, the British Tourist Boards' Pension Scheme. There was also £1,946k (2014/15 - £1,344k) paid to reduce the pension deficit as agreed with the Trustees (see Note 1). During the year a special contribution of £438k (2014/15 - £240k) was paid to the BTBP Scheme as pension enhancement for staff who took early retirement as part of BTA's restructuring programme. An additional £75k has been accrued in this regard pending acceptance of the terms of the restructuring programme.

Total amounts charged for contributions to pension schemes were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Normal contribution	1,044	1,166
Pension enhancement exceptional contributions	438	240
Pension deficit recovery contribution*	1,946	1,344
Total pension contribution to the BTBPS	3,428	2,750
Pension enhancement exceptional contributions accrued	75	-
Normal contribution - Overseas pension schemes	44	77
Total Pension contribution	<b>3,547</b>	<b>2,827</b>

\*The 2015/16 contribution figure includes £1,370k of additional voluntary contribution (2014/15 - £804k)

BTA is a participant in the British Tourist Boards' Pension Scheme providing pension benefits and life assurance for all UK permanent staff, based upon final pensionable pay.

BTA employees in the USA employed on a local status basis can join the USA defined benefit scheme.

## 25 Retirement Benefits *(Continued)*

The scheme is subject to regular actuarial valuations, which are carried out every three years. The next actuarial valuation is due to be carried out with an effective date of 31 March 2018. An actuarial valuation was carried out for both the UK and the US schemes by Xafinity Consulting and Mercer Limited respectively as at 31 March 2015, and has been updated for the accounting disclosure as at 31 March 2016 by the respective qualified independent actuaries. The valuation using IAS 19 assumptions and methodology form the basis of this disclosure.

BTA also has additional pension liability of £191k (2014/15: £294k) for pension payments to ex-chairmen which are unfunded and are included within the retirement benefit liabilities in the Statement of Financial Position.

### UK BTBP Scheme

The UK scheme is a multi-employer defined benefit scheme including other Tourist Boards where the employers' contributions are affected by a surplus or deficit in the scheme, but the contribution rate is set at a common level and does not reflect the liability of the individual participating employer. In accordance with IAS 19, BTA's share of the assets and liabilities has been identified and is reflected in the accounts.

BTA (along with the other participant employers) sponsors the British Tourist Boards' Staff Pension Scheme, a funded defined benefit pension scheme in the UK. The scheme provides pensions and lump sums to members on retirement and to their dependants on death. The scheme is set up as a separate trust independent of the employers and is administered by independent trustees. The trustees are responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that scheme assets are appropriately invested.

Responsibility for making good its share of the deficit within the scheme lies with the BTA and this introduces a number of risks for the BTA. The major risks are:

- Investment risk – this is the risk exposure to a movement in the discount rate used (high quality corporate bonds) against the actual return of plan assets.
- Interest rate risk – decreases/increases in the discount rate used (high quality corporate bonds) will expose BTA to an increase/decrease in the defined benefit obligation.
- Longevity rates – changes in the estimation of the mortality rates of current and former employees similarly expose BTA's defined benefit obligation measurement.
- Salary risk – this is the risk exposure to changes in future salaries.

BTA and the Trustees are aware of these risks and manage them through appropriate investment and funding strategies. The trustees manage governance and operational risks through a number of internal control policies, including a risk register.

The trustees ensure that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long term investments that are in line with the obligations under the pension schemes. The objective is to match assets to the pension obligations by investing in a diversified portfolio of investments with maturities that match the benefit payments as they fall due. These investments include a mix of equities, bonds, gilts, annuities and property, as disclosed below. The portfolio of investments is considered to offer the best return over the long term with an acceptable level of risk. The strategy is regularly reviewed and updated as considered appropriate by the trustees.

Following the valuation of the scheme in 2009 the employers agreed a deficit recovery plan with the trustees. The plan requires BTA to pay an annual amount in proportion to its share of the deficit. Based on the funding shortfall and agreed contribution levels it is expected that the shortfall will be eliminated by 2033. Funding levels are set in accordance with the scheme's statement of funding principles as agreed with the employers. Current employer contributions in respect of future service are 24.4% for members with a retirement age of 60, and 13.1% for members with a retirement age of 65. The trustees and employers have also agreed that, if cumulative annual increases in pensionable salaries exceed the equivalent increase in the consumer price index, additional contributions will become payable by the employers to fund the unfunded increase in the scheme liabilities.

## 25 Retirement Benefits *(Continued)*

BTA's share of the deficit in the UK scheme at the measurement date under the assumptions used is £29.5million (2014/15: £26.2million). The increase in the defined benefit obligation is primarily due to changes in economic conditions over the year resulting in changes to the assumptions used to value the scheme assets and liabilities, in particular the discount rate and inflation rate assumptions, as well as lower than assumed investment returns on the plan assets. These resulted in an actuarial re-measurement loss of £3.6million (2014/15: loss of £7.1million) being recognised in the year. Actual return on assets amounted to £4.5million (2014/15: £19.2million) compared to an expected return of £4.7million (2014/15: £5.6million), while interest on the defined benefit obligation component amounted to £5.5million (2014/15 - £6.4million), resulting in a net interest cost recognised in the Net expenditure for the year of £831k (2014/15 - £784k).

### US Pension Scheme

Similar to the UK scheme, the US pension scheme is administered by a separate fund. The board of trustees of the fund is made up of representatives of BTA and employees (present and former). Plan assets held in trust are governed by local regulation, as is the relationship between BTA and the trustees and their composition. The board also has responsibility for the plan, including setting investment, contribution and other relevant policies.

The scheme is a final salary pension plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. BTA is responsible for all contributions to the scheme. The level of benefit provided depends on a number of factors including age, years of service and retirement date compensation. Pensions in payment are generally updated for inflationary increases in line with the retail price index. In addition to the inflationary risk, the scheme is exposed to a number of other risks, including:

- Investment risk – this is the risk exposure to a movement in the discount rate used (high quality corporate bonds) against the actual return of plan assets.
- Interest rate risk – decreases/increases in the discount rate used (high quality corporate bonds) will expose BTA to an increase/decrease in the defined benefit obligation.
- Longevity rates – changes in the estimation of the mortality rates of current and former employees similarly expose BTA's defined benefit obligation measurement.
- Salary risk – this is the risk exposure due to changes in future salaries.

The overall position of the US pension scheme is reflects a net liability of £273k (2014/15: asset of £76k). Similar to the UK scheme, the liability in the current year was mainly caused by lower than assumed investment returns on plan assets, which accounted for a £184k loss in the fund (2014/15: profit of £140k) BTA employer contribution is nil for the current year, which should continue for the foreseeable future as the trustees seek to limit the BTA's exposure to future contributions.

**25 Retirement Benefits** *(Continued)*

Details of BTA's defined benefit schemes are as follows:

	UK scheme	2016 Overseas (US) scheme	Total	UK scheme	2015 Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Reconciliation to statement of financial position</b>						
Fair value of plan assets	146,454	2,081	<b>148,535</b>	144,129	2,867	<b>146,996</b>
Present value of funded obligations	(175,917)	(2,354)	<b>(178,271)</b>	(170,295)	(2,791)	<b>(173,086)</b>
Total of funded schemes	(29,463)	(273)	<b>(29,736)</b>	(26,166)	76	<b>(26,090)</b>
Present value of unfunded obligations	(191)	-	<b>(191)</b>	(294)	-	<b>(294)</b>
Net assets/ (liabilities)	(29,654)	(273)	<b>(29,927)</b>	(26,460)	76	<b>(26,384)</b>

**Reconciliation of movement in fair value of plan assets**

The movement in the fair value of plan assets over the year is reconciled as follows:

	UK scheme	2016 Overseas (US) scheme	Total	UK scheme	2015 Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At the beginning of the year	144,129	2,867	<b>146,996</b>	127,302	2,492	<b>129,794</b>
Interest income	4,650	99	<b>4,749</b>	5,646	105	<b>5,751</b>
Administrative expenses paid	(387)	(29)	<b>(416)</b>	(322)	(6)	<b>(328)</b>
Remeasurements:						
Return on plan assets (excluding interest)	(148)	(283)	<b>(431)</b>	13,544	35	<b>13,579</b>
Exchange gain/(loss)	-	58	<b>58</b>	-	308	<b>308</b>
Contributions by participants	320	-	<b>320</b>	324	-	<b>324</b>
Contributions by BTA	3,428	-	<b>3,428</b>	2,750	-	<b>2,750</b>
Benefits paid	(5,538)	(631)	<b>(6,169)</b>	(5,115)	(67)	<b>(5,182)</b>
At end of year	146,454	2,081	<b>148,535</b>	144,129	2,867	<b>146,996</b>

**25 Retirement Benefits (Continued)**

	2016			2015		
	UK scheme	Overseas (US) scheme	Total	UK scheme	Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Composition of plan assets</b>						
Equity - Unquoted	78,228	2,078	<b>80,306</b>	81,835	2,866	<b>84,701</b>
Bonds	-	-	-	18,871	-	<b>18,871</b>
Gilts	-	-	-	6,945	-	<b>6,945</b>
Liability Driven Investment funds	38,617	-	<b>38,617</b>	8,856	-	<b>8,856</b>
Property	14,123	-	<b>14,123</b>	12,699	-	<b>12,699</b>
Annuities	13,690	-	<b>13,690</b>	14,228	-	<b>14,228</b>
Cash in bank	1,796	3	<b>1,799</b>	695	1	<b>696</b>
	<b>146,454</b>	<b>2,081</b>	<b>148,535</b>	<b>144,129</b>	<b>2,867</b>	<b>146,996</b>

**Reconciliation of movement in present value of defined benefit obligation**

The movement in the present value of the defined benefit obligation over the year is reconciled as follows:

	2016			2015		
	UK scheme	Overseas (US) scheme	Total	UK scheme	Overseas (US) scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At the beginning of the year	(170,295)	(2,791)	<b>(173,086)</b>	(146,392)	(2,107)	<b>(148,499)</b>
Interest cost	(5,481)	(96)	<b>(5,577)</b>	(6,430)	(88)	<b>(6,518)</b>
Current service cost	(1,901)	(85)	<b>(1,986)</b>	(1,585)	(65)	<b>(1,650)</b>
Past service cost	-	80	<b>80</b>	-	-	-
Remeasurements						
Actuarial (loss)/gain from changes in demographic assumptions	(4,357)	-	<b>(4,357)</b>	-	(239)	<b>(239)</b>
Actuarial (loss)/gain from changes in financial assumptions	4,838	39	<b>4,877</b>	(21,053)	(101)	<b>(21,154)</b>
Actuarial (loss)/gain from experience adjustments	(3,939)	(60)	<b>(3,999)</b>	374	31	<b>405</b>
Exchange gain/(loss)	-	(72)	<b>(72)</b>	-	(289)	<b>(289)</b>
Contributions by plan participants	(320)	-	<b>(320)</b>	(324)	-	<b>(324)</b>
Benefits paid	5,538	631	<b>6,169</b>	5,115	67	<b>5,182</b>
At end of year	<b>(175,917)</b>	<b>(2,354)</b>	<b>(178,271)</b>	<b>(170,295)</b>	<b>(2,791)</b>	<b>(173,086)</b>

**25 Retirement Benefits** *(Continued)*

The weighted average duration of the UK and US schemes are 19.5 and 16.44 years respectively (2014/15: 19.5 and 13.85 years).

The significant actuarial assumptions were as follows:

Principal actuarial assumptions	2015/16		2014/15	
	UK Scheme	Overseas (US) scheme	UK Scheme	Overseas (US) scheme
Discount rate on defined benefit obligation	3.40%	3.70%	3.25%	3.60%
Salary growth rate	3.10%	2.75%	3.10%	2.75%
Inflation / Pension growth rate (RPI)	3.10%	2.25%	3.10%	2.25%
Inflation / Pension growth rate (RPI)	2.35%	2.25%	2.35%	2.25%

Life expectancy on UK scheme mortality assumptions:

Retiring at the end of the reporting period:

- Male	24.5	23.2
- Female	26.4	24.8

Retiring 20 years after the reporting period:

- Male	26.2	25.7
- Female	28.2	26.2

**25 Retirement Benefits** *(Continued)*

The sensitivity of the defined benefit obligation to changes in the principal assumptions is presented in the table below:

Actuarial assumption	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
<b>UK Scheme</b>			
<b>2015/2016</b>			
Discount rate	0.50%	£15.4 million decrease	£17.9 million increase
RPI Inflation rate	0.50%	£17.3 million increase	£15 million decrease
Mortality rate	1 Year	£4.8 million increase	£4.7 million decrease
<b>2014/2015</b>			
Discount rate	0.50%	£14.5 million decrease	£16.8 million increase
RPI Inflation rate	0.50%	£19.7 million increase	£17.1 million decrease
Mortality rate	1 Year	£5.2 million increase	£5.3 million decrease
<b>US Scheme</b>			
<b>2015/2016</b>			
Discount rate	0.50%	£0.184 million decrease	£0.204 million increase
<b>2014/15</b>			
Discount rate	0.50%	£0.182 million decrease	£0.203 million increase

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension liability recognised within the Statement of Financial Position.

**Defined Contribution Schemes**

Other schemes in place during the year to 31 March 2016 are in Germany, Belgium, India, Denmark, Norway, Netherlands, Poland, Brazil, Sweden, Australia and Canada. All of these are defined contribution schemes with the employer's basic rate of contribution varying between 3% and 8% of pensionable salaries. The total charges for contributions to these schemes in the year were £44k (2014/15: £77k) and are included within the total pension cost for the year.



**26 Notes Supporting the Statement of Cash Flow**

Cash and cash equivalents for purposes of the cash flow statement comprise the following:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Cash available on demand	7,408	1,010
	<u>7,408</u>	<u>1,010</u>

**27 Leases and other Commitments**

The total future values of minimum lease payments (undiscounted) under non-cancellable operating leases are due as follows:

	<b>Land &amp; Buildings</b>	<b>Other</b>	<b>Land &amp; Buildings</b>	<b>Other</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not later than one year	1,734	4	1,704	4
Later than one year and not later than five years	1,323	-	701	-
Later than five years	548	-	723	-
	<u>3,605</u>	<u>4</u>	<u>3,128</u>	<u>4</u>

**Sub-lease income**

	<b>Land &amp; Buildings</b>	<b>Land &amp; Buildings</b>
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	175	175
Later than one year and not later than five years	700	700
Later than five years	548	723
	<u>1,423</u>	<u>1,598</u>

Included in lease commitments above are obligations under operating lease agreements in respect of the BTA's premises in the UK and overseas as well as obligations under shared corporate services arrangements entered into with the Foreign and Commonwealth Office for the provision of corporate service facilities to certain overseas offices. Commitments include rental and related costs only.

Sub lease income relates to rental agreements entered into with subtenants on parts of the premises rented by the BTA in the UK and overseas.

**28 Related Party Transactions**

In compliance with the FReM and IAS 24 'Related Party Disclosures' requirements, details of material transactions with government bodies and companies where Board Members, Directors and senior staff have an interest are disclosed below. The Remuneration Report on pages 52 to 57 contain details of compensation payments made to key management personnel.

Details of transactions & balances (over £10k) with government bodies and other entities where BTA and ETB Board Members, directors and senior staff have an interest are as follows.

Company name	Representatives	Role	Nature of supply	Sales to £'000	Debtor balance £'000	Purchases from £'000	Creditor balance £'000
<b>2015/16</b>							
Blenheim Palace	John Hoy	CEO	Marketing promotions	12	-	2	-
English Heritage	Ian McCaig / Sally Balcombe	Trustee / Commissioner	Marketing Promotions	13	-	43	1
Historic England	Sally Balcombe	Commissioner	Marketing Promotions	12	-	-	-
Make it York	Lyndsey Swift	Advisor	Marketing Promotions	-	-	251	21
Newcastle Gateshead Initiative	Sarah Stewart	CEO	Marketing promotions	32	2	398	67
Northern Ireland TB	Katy Best	Board Member	Marketing promotions	25	-	-	-
The National Trust	Christopher Rodrigues	Council Member	Marketing promotions	3	1	209	-
Tourism South East	John Hoy		Marketing promotions	14	4	2	-
Ukinbound	Jaco Coetzee	Board Member	Marketing promotions	-	-	109	-
VisitScotland	Michael Cantlay	Chairman	Marketing promotions	107	2	20	-
Windsor Leadership Trust	Christopher Rodrigues / Ian McCaig	Pro-bono Chairman / Partner	Marketing promotions	-	-	12	-
				218	9	1046	89

**28 Related Party Transactions (Continued)**

Company name	Representatives	Role	Nature of supply	Sales to £'000	Debtor balance £'000	Purchases from £'000	Creditor balance £'000
<b>2014/15</b>							
Visit Scotland	Michael Cantlay	Chairman	Marketing promotions	224	18	39	-
UKInbound	Keith Beecham	Director	Marketing promotions	-	-	105	-
London & Partners	Kevin Murphy	Director	Marketing promotions	962	224	41	9
VisitWales	Dan Clayton Jones	Chairman, Tourism Panel for Visit Wales	Marketing promotions	544	103	4	-
Newcastle Gateshead Initiative	Sarah Stewart	Chief Executive	Marketing promotions	147	-	26	-
Northern Ireland TB	Katy Best	Non-Executive Director	Marketing promotions	36	-	-	-
English Heritage	Sally Balcombe	Commissioner	Marketing promotions	20	-	47	-
PageField Communications Agency Ltd	Penelope Viscountess Cobham	Deputy Chairman	Marketing promotions	-	-	11	-
				1933	345	273	9

Under IAS 24, the BTB (UK) & the US pension schemes are defined as a related party to the BTA. For details of transactions with the pension schemes, refer to Note 25.

**29 Events after the Statement of Financial Position date**

The Annual Report and Accounts were authorised for issue by the Accounting Officer on the date of the audit certificate.

The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

There are no other events after the Statements of Financial Position date.



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