

Board Meeting 20 September 2018

TOURISM NORTHERN IRELAND MINUTES OF BOARD MEETING HELD AT ROYAL PORTRUSH GOLF CLUB ON THURSDAY 20 SEPTEMBER 2018

Present:

- Mr Terence Brannigan (Chairman)
- Ms Angelina Fusco
- Mr Colin Neill
- Mr Terry McCartney
- Mr Michael McQuillan
- Ms Michele Shirlow
- Mr Geoff Wilson

In Attendance:

- Mr John McGrillen, Chief Executive
- Ms Jill McKee, Director of Finance
- Mr Dave Vincent, Chief Digital Officer
- Ms Naomi Waite, Director of Marketing (items)
- Ms Aine Kearney, Director of Business Support and Events (from item)
- Ms Rosemarie McHugh, Director of Product Development
- Mr Jim Daly, Corporate Communications

Apologies: None

1. Introduction

1 (i) Introduction

The Chairman welcomed those present and reminded attendees that minutes of the meeting would be published. He asked if anyone present wished to declare interests in respect of agenda items. Colin Neill declared his interest in relation to a sponsorship request from Hospitality Ulster and advised that he would leave the meeting to permit its discussion. Geoff Wilson advised that he would excuse himself from discussion of the Events Programme.

1 (ii) Minutes of Last Meeting

Minutes of the Board's meeting held on Thursday 9th August at Galgorm Resort were approved as an accurate record and signed.

1 (ii) Matters Arising from Previous Meeting

The Board noted actions completed since the previous meeting and updates were noted as follows:

Experience Brand – the Board was advised that a business case is in development.

Chief Digital Officer – The Board had recently approved by correspondence the business case for the appointment of Dave Vincent as Chief Digital Officer on a full-time basis, for an initial period of two years. For record purposes, the Board now ratified that decision.

Review of organisational structures – the Board was advised that given the volume of business on the current agenda, it had been agreed to defer a presentation by PA Consulting until the Board Meeting on 1st November.

Brexit – the Chief Executive agreed to share with Board Members a submission to the Department detailing a bid for resources mitigate the impact of a ‘no deal’ Brexit (**ACTION:** JMcG).

Skills Sub-Group – Dates are being sought for a meeting of the group prior to the next Board Meeting. (**ACTION:** AK) The Board was advised that key issues are the parts of the Skills Action Plan which the Department sees as falling to Tourism NI, and the adequacy of the resources available to deliver on those. The Chief Executive stated that he intended writing to DfE raising this following discussion on the matter at a recent O&L Meeting with the Department (**ACTION:** JMcG). The Board was also advised that the Chief Executive had been asked to make a submission to DfE on the suitability of the Department’s current structure for delivering its strategic objectives as part of a structural review of the Department that is currently being undertaken by Mike Brennan.

Board Sub-Committee Structures – a paper is to be prepared for the next Board Meeting setting out the Terms of Reference and proposed membership for the new sub-committee structures. (**ACTION:** JMcG).

1 (iii) Note of Special Board Meeting on Tuesday 11 September

The Board approved, subject to amendment of a minor detail, a note of a Special Meeting held on 11th September at Tourism NI headquarters to discuss the emerging experience brand. For the benefit of those not present at that meeting it was emphasised that the brand development process is ongoing and next steps were outlined. There was a discussion of the levels of scrutiny required from the Board in relation to strategic decisions versus operational detail.

2. Governance

2 (i) Finance Report

The Board received a report on financial management in the year to date. The revised budget allocation as at the end of August was noted and the Board was advised of bids made to the October Monitoring Round, although it was noted that the outcome may not be known until the beginning of December. Expenditure against profiled budgets was outlined and no concerns were reported about Tourism NI’s ability to spend its budget at this point in the year.

The Board was advised of capital funds surrendered in respect of a screen tourism attraction which is now expected to proceed without support being required. The Board was also advised that funds earmarked for promotion of the 148th Open are being re-profiled in light of tickets selling out, and allocated instead to further activation, legacy and civic pride activity. The Board discussed the quality of management budget profiling – this was generally good with significant variances tending to be due to external factors beyond Tourism NI’s control, including Central Procurement Directorate’s workload. The Board discussed the possibility of considering other options to manage procurement.

2 (ii) Tourism NI Draft Annual Report and Accounts 2017-18 and Report To Those Charged With Governance

Draft Annual Report and Accounts were presented for the Board’s approval together with the draft Report To Those Charged With Governance.

Members were pleased to note that there were just four minor audit mis-statements with no significant areas of concern. The Board was advised that the Audit Committee was content not to require these to be adjusted since the issues in question amounted to £88k, well within the tolerance limit of £400k. Audit recommendations had been made in relation to a number of other minor matters and a management response to these is in preparation.

The Board approved the Annual Report and Accounts and agreed that these could now be signed by the Chief Executive and Chairman. Members commented that overall this represented a very positive report and joined the Chairman in thanking the Director of Finance and her team for their work on preparation of the reports.

3. Reports

3 (i) Chairman’s Report

The Board noted a report on engagements undertaken by the Chairman since the last meeting. He advised the Board of details of a few additional recent engagements and said that he would provide details for the register to be updated.

3 (ii) Chief Executive’s Report

The report was noted and issues highlighted as follows:

Visitor Statistics – Members’ attention was drawn to an emerging narrative in relation to Belfast accommodation, with an 8% reduction in occupancy corresponding to a 33% increase in the number of available rooms. In response Tourism Ireland had proposed a Belfast-specific campaign in markets with direct access to the city, but Tourism NI’s view is that this needs also to ensure regional spread. It was agreed that the Chief Executive would provide Members with key issues for discussion at a forthcoming lunch with the Tourism Ireland Board (**ACTION: JMcG**).

Hosts Global Forum – in the period since June’s event was held in Belfast, there had been a significant uplift in enquiries and bids from the US Incentive Market. The Board discussed how

potential customers could be urged to move from considering to actively planning their events here. Plans were highlighted for follow-up activity in the USA with Moloney Kelly.

Tourism NI Annual Review – the Board noted the details of media coverage and PR activity generated by the publication of the report.

Game of Thrones – the Board was advised of an imminent announcement by HBO of its plans for a legacy project based in Northern Ireland. The content and timing of this announcement was stressed to be a matter for HBO alone. While Tourism NI had made a bid for £2.5m to Government in anticipation of the project requiring financial support, the projects would most likely proceed without intervention from Tourism NI. It was emphasised that this did not represent funding that had been lost to Tourism NI, as it was still only at the bid stage.

City Deals – an update was given on bids submitted by Belfast City Council and surrounding council areas, for funds to support a range of significant projects, with the proposals informed in part by the draft Tourism Strategy. The Chief Executive informed the Board that a City Deal including a major tourism project was likely to emerge from Derry City and Strabane Council. Members noted the need for the bids to ensure regional spread and encompass council areas falling outside the periphery of City Deal bids such as Fermanagh / Omagh and Armagh, Banbridge and Craigavon.

Events Strategy – the Board was advised that consultants were appointed and being briefed to develop a new evidence-based strategy for events support, aligned with the Tourism Strategy.

Visitor Experience Testing – an update was given on “innovation screener” research, being undertaken to market test proposals for how visitor experiences could be packaged to best effect and identify where funding will be most effective.

The 148th Open – the Board noted an update on preparations. Members discussed the likely legacy of staging the 148th Open and it was observed that this is likely to be encompassed in benefits to the community, to civic pride and corporate social responsibility. With tickets largely sold out, activity is now centred on the event logistics. The Board suggested that there might be useful lessons to be learned in event management and it was agreed that the Director of Business Support and Events should raise this at the Open Legacy Group, with the understanding that there might be resource requirements (**ACTION: AK**).

Clusters – An update was given on the networks already developed as well as newly emerging clusters, with the successful model used for the Causeway Coast being adopted in six other areas. The value was in helping tourism businesses to understand the benefits of developing co-ordinated experiences and the use of collaborative marketing. The aim is to help the groups be self-sustaining, with support coming from local authorities where needed.

Autumn Campaign – the Board was advised that options were being explored for how direct support might be provided to businesses participating in the campaign. The industry was noted to be eager to get involved, having absorbed useful learnings from the work of the ROI recovery taskforce. There was some concern that business was still very dependent upon Tourism NI for leadership. The Board discussed the ability of business to take up learning opportunities both in terms of cost and time commitment. Members asked if businesses might be more responsive if

the expense of training could be recouped from HMRC. It was agreed that there was a need for a broader debate of the issue.

3 (iii) Sub-Committees and Other Reports

Audit Committee – The Audit Committee Chairman reported on the meeting held on 11 September. Internal Audit Service had delivered reports on Quality & Standards regulatory inspections and the Strategic Partnership Grant Fund. While the SPGF had provided Tourism NI with flexibility to support undertakings such as the Hosts Global Forum, it was felt that a new scheme is required that is more suitable for such purposes. In the interim, projects could be brought to the Board for consideration and approval. The Board was also advised that a long-standing pensions issue preventing staff from receiving back-pay had been partially resolved. Training for committee members was noted to be fully up to date and Tourism NI is to seek to provide committee members with opportunities to engage with IAS and NIAO outside the formal committee structure.

The Board was advised that the Marketing Committee had not met in recent weeks. Members were reminded that the Board had agreed a new committee structure at its last meeting, as part of which the Strategic Partnerships Committee had been stood down.

VisitBritain – Members were advised that Katy Best had been unable to attend the most recent VB Board meeting in her role as observer. Tourism NI was noted to be collaborating with VisitBritain on the Social Travel Summit. It was also reported that new technology is being deployed which tracks blog content featuring Northern Ireland; this will assist in measuring the impact of marketing activity.

Commonwealth Youth Games – an update was given on Tourism NI's response to correspondence received from the organisers.

Naomi Waite and Rosemarie McHugh joined the meeting at this point.

4. Discussion Items

4 (i) Great Britain Market Review

The Director of Marketing set out the status of a review by Tourism Ireland of the Great Britain market, and sought the Board's input to the process. The review's focus is on growing revenue from the GB market and to that end, it seeks to define who GB visitors to Ireland are, their triggers for visiting and their activity and needs while here.

Much of the useful available data was derived from Failte Ireland's Survey of Travellers so there is a need for similar data specifically relating to GB visitors to Northern Ireland - whether from NISRA if available or from other sources. Options were discussed by the Board included extending the geographical scope of the existing survey to include Northern Ireland; repurposing the funds provided annually to NISRA to supply relevant figures; or asking Tourism NI's own Research team to prioritise the production of such data.

Next steps were outlined, with the Steering Group due to meet on 25 September following which an action plan will be developed based upon the research. The Board agreed that the review had

the potential to provide valuable information which could reinforce the experience brand and assist in securing industry engagement and buy-in. It was emphasised that for Northern Ireland and ROI, the issues and challenges presented by the GB market are significantly different and that message needs to be reinforced with Tourism Ireland.

The Board confirmed that it was content with the broad direction of travel on the review but emphasised the need for better sources of market specific information on Northern Ireland, as Tourism NI presently has only assumptions with which to work. The Board asked for the issues raised in the discussion to be captured within briefing for the forthcoming lunch with the Tourism Ireland Board (**ACTION**: JMcG / NW).

4 (ii) Review of Northern Ireland Market

A paper was presented seeking the Board's agreement to begin a review of the Northern Ireland domestic market. Sustaining this market is of increasing importance and likely to become more so post-Brexit. The paper highlighted a number of significant challenges including increased Failsite Ireland marketing in Northern Ireland and major capital expenditure / product development plans in ROI. A bid had been made to DFE for resource to support the review.

The Board was content to approve the proposal to commence a review.

4 (iii) Review of Certification Legislation

In recent months the Board had discussed the relevance of existing legislation for the certification of accommodation premises within a rapidly evolving market. Pressures include the emergence of Airbnb and innovative or unique accommodation ventures that do not readily sit within any of the recognised statutory categories. At its last meeting, the Board requested options for how the situation might best be addressed and a paper outlining these was presented.

While Tourism NI's ability to progress the issue is limited by the absence of an Assembly and Minister, the paper set out the available alternatives. These are: (1) to make minor changes to legislation which would allow Tourism NI to continue to fulfil its statutory obligations in the short term, or (2) to commission an independent expert who will undertake an extensive review of the inspection and certification scheme and make recommendations which can be presented to DfE and to any future Minister or Assembly. The Board approved option (2). Members were also advised of the protocols by which new Ministers are advised of urgent policy issues requiring action as a priority.

Having declared an interest, Geoff Wilson left the meeting to permit discussion of the next item.

4 (iv) Events Funding Programme

The Board was presented with a paper seeking approval to operate a further year-long Tourism Events Funding Programme for 2019-20, split into an International Events Funding Scheme and a National Events Sponsorship Scheme. The paper included proposals on actions to make the programme more effective. The schemes had been designed in expectation of a 5% cut in budgets available to Tourism NI with a proposed total budget of £1.9m, of which £1.425m would be allocated to the International Events Programme and £0.475m to the National Events Sponsorship Scheme. A small portion of the budget was proposed to be allocated towards events servicing to

support delivery of the overall programme. The Board asked if the scheme included activity to assist event organisers in becoming more self-sufficient and were advised that this will be looked at as part of the new industry development programme. Members also discussed assisting organisers in collecting data to assess the impact of events.

The Board approved the proposal for a further year long events programme and the budget allocation.

4 (v) Industry Development

The Board received a paper detailing work by Ulster University and the Strategic Investment Board on behalf of Tourism NI, to review the framework of business support available to the tourism industry and to determine what form future programmes might take. The review made it clear that the available support is very fragmented and with limited focus on the specific needs of tourism businesses. In order to provide meaningful industry support, a move towards one-to-one mentoring would be critical. The industry was noted to remain reliant on Tourism NI as a guide in navigating the landscape of business support; however Tourism NI does not have sufficient capacity to properly fulfil that role.

The review recommended that Tourism NI should adopt the same approach as Failte Ireland, which involved the appointment of a full service agency. Two companies had been identified that could deliver the service and a specification had been drawn up setting out the required functions. It is envisaged that as part of the contract the provider will also assist Tourism NI staff in developing their own knowledge and capabilities.

The Board granted approval to carry out procurement of a full service provider on a proposed contract for £995k and to move forward with a twelve-month pilot programme. The Board also discussed improving businesses' online capabilities, in particular how providers can best reach those markets that are most relevant to them.

Michael McQuillan left the meeting at this point.

4 (vi) Review of Tourism NI Organisational Structure

It had been proposed that PA Consulting would give a presentation on its work to review Tourism NI's organisational structure and its capacity to deliver on strategic objectives within the current resource regime. Given the volume of business on the Board agenda it had been decided to defer this for discussion at the next Board Meeting.

4 (vii) Relocation of Derry Visitor Information Centre

A paper was presented seeking the Board's approval of funding of up to £500k for a project to relocate the Visitor Information Centre in Derry-Londonderry to a new site at Waterloo Place, within an area which has seen extensive refurbishment and public realm improvements. Members were advised that permission was being sought from DfE to waive a requirement to comply with NI Public Procurement Policy and instead to follow Derry City & Strabane District Council's guidelines on procurement, in order to deliver the project within the current financial year. The Board noted the monitoring arrangements for the project following completion, with performance benchmarked against previous evaluation of the Belfast Visitor Centre.

Having considered the paper the Board was content to approve funding of up to £500k for the project.

4 (viii) Proposed 2019 Board Meeting Dates

A list of proposed meeting dates for 2019 was presented. Members asked that alternative dates should be drawn up for the second half of the year to permit Members to take leave during August (**ACTION:** JD).

Having declared his interest at the start of the meeting Colin Neill left the meeting for the duration of the next discussion.

4 (ix) Sponsorship Request – Hospitality Ulster

As part of its review of effectiveness, the Board had agreed that any funding requests received from the organisations which individual Members represent should come to the Board for decision. Separately, Tourism NI had also been reviewing its processes covering the provision of corporate sponsorship. A paper was presented setting out a request from Hospitality Ulster for £5,000 to support its forthcoming Top 100 Hospitality Businesses Awards.

The Board discussed the application at length and asked if it met the criteria of the sponsorship scheme. It was felt that the benefits to tourism of the event were not sufficiently clear and while it was acknowledged that PR opportunities could be derived from supporting the event, using the same fund to secure paid advertorial would provide greater dividends. Members remarked that the request placed the Board in a difficult position. Given that the tourism benefits were not felt to be fully evidenced, the Board agreed with regret that it was not in a position to be able to support the request for sponsorship.

5. Items for Noting

5 (i) Impact of Marketing Budget Changes

As requested by Members at the previous meeting, a paper was provided modelling the likely impacts of an increase or reduction of £1m in the marketing budget. Tourism Ireland was noted to be using the same model to make its case for resources. Members commented that this should prove useful in conversations with industry and government. Raising the issue of policing costs for the 148th Open, Members asked if government had provided written assurances that Tourism NI would not be expected to cover such costs. It was suggested the issue should be raised at the debrief meeting with the Department (**ACTION:** JMcG).

There followed a discussion of how Brexit might affect tourism targets. While the short-term impact on sterling was noted to have created a value for money case, in the longer run effects could prove less positive with a hard border in Ireland in particular having a negative impact. Members remarked that the recent Migration Advisory Committee report was a matter of concern for the hospitality industry.

5 (ii) Draft Agenda for November Board Meeting

The Board noted a draft agenda for the next Board meeting. In addition to the planned update on the review of Tourism NI's organisational structure and resources and a paper setting out terms of reference and membership proposals for sub-committees, the Board requested a paper assessing the impact to date of the Northern Ireland Tourism Alliance (**ACTION:** JMcG / SB). The Board discussed possible venues and it was agreed that the meeting should be held in the Newcastle area.

6. Any Other Business

6 (i) Easyhotel

Arising from the earlier discussion of certification legislation, the Board received an update on the position with respect to the Belfast Easyhotel. Members were advised that enforcement action was being taken against a number of Airbnb operators, and that in the long term more resources would be required if the pursuit of further such actions becomes necessary.

6 (ii) Former Tourism NI / NITB Premises

The Board received an update in relation to a dilapidation clause for Tourism NI's old office premises at St Anne's Court. Correspondence had been received from the legal representatives of Tourism NI's former landlord.

6 (iii) Year of Food and Drink

The Board was pleased to note that the Year of Food and Drink had been shortlisted as Best Food Destination in the World Travel Market awards.

7. Date of Next Meeting

The next Board Meeting is due to take place on Thursday 1 November.