

TOURISM SHADOW BOARD

“VISIT JERSEY – LOVE JERSEY”

**IMPLEMENTING CHANGE - THE PLAN FOR
TRANSITION**

**REPORT TO THE MINISTER FOR ECONOMIC
DEVELOPMENT IN REPLY TO THE MINISTER’S
RESPONSE TO THE TOURISM SHADOW
BOARD PRELIMINARY REPORT**

July 2014

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Preface

The development of this paper follows on from the publication of the ‘Preliminary Report of the Tourism Shadow Board’ (‘TSB’) in March 2014 and is focused on the delivery of its aim to:

“Define the optimum operational and governance structure and make a recommendation to the Minister for Economic Development to implement changes as necessary”.

In his response to the Preliminary Report the Minister stated:

“I am in broad agreement with the recommendations of the Preliminary Report and I would ask that, with immediate effect, you work with officials from the Economic Development Department and States HR to develop a deliverable implementation plan that will include, but not be limited to, the definition of a business case that supports changes explicit in your recommendations”

The purpose of this paper is to satisfy the Minister’s instruction, to provide a high level overview of what Visit Jersey wishes to achieve as an organisation and to outline a process which will enable a successful transition.

The practical, structural, financial and other transitional issues surrounding the formation of Visit Jersey are acknowledged. The TSB recognises that people and relationships will be affected by this proposed change and is keen to work with EDD and Jersey Tourism staff to most effectively manage the transition.

The work undertaken by the TSB in preparing this response to the Minister confirms the TSB’s objective of delivering a progressive and vibrant Tourism sector and is confident that it can effectively oversee the path to this.

The Preliminary Report, based on extensive consultation with the sector, recommended the creation of an organisation in Visit Jersey whose key objective would be:

“To generate managed and sustained growth in Jersey’s tourism sector by encouraging targeted sectors to ‘Visit Jersey and Love Jersey”.

**Tourism Shadow Board
July 2014**

1. Executive Summary

The TSB remains resolute in the view that the tourism sector delivers a significant economic and social contribution to Jersey and that this value can be grown. In our Preliminary Report to the Minister, we presented the case for a new deal for Visit Jersey. The new deal is hallmarked by the fact that:

- Tourism contributes enormous social and economic benefit to the Jersey community through the infrastructure and events it provides.
- This contribution needs to be more appropriately evaluated, understood and recognised by the Council of Ministers, States Members, Government and Island residents.
- There is strong evidence that by focusing on appropriate markets and implementing effective strategy that visitor numbers can grow in line with growth expectations in other markets, including but not limited to, the UK. A shift in mind-set is needed across our community to reflect the desire to return to growth; it is not about ‘managed-decline’.

In response to the Minister’s instruction to the TSB, this paper presents the transition plan moving Jersey Tourism to a new “Visit Jersey” organisation. Our aims in effecting this transition are:

- In forming Visit Jersey, a vibrant new organisation can be created. The organisation would seek to be the industry leader with a clear sense of purpose. Judgement by results set against clear internal and external targets would be fundamental to its purpose.
- A greater strategic focus on marketing, development of the Jersey product and access to the Island will be the main areas of attention.
- Visit Jersey would be an independent entity, funded by the States of Jersey but with an independent corporate structure, high standards of governance and strong levels of scrutiny.
- A flexible organisational structure with a high calibre Board, Chief-Executive Officer and appropriately remunerated and motivated team.

Outline elements of the immediate phase of the transition plan:

- **It is recognised that this represents significant change and there are people and organisations directly affected.**
- **There are dedicated and hardworking people within Jersey Tourism, active engagement with these staff will be a major priority. All individuals will be dealt with openly and honestly.**
- **A high-level transition plan has been developed to implement this change.**
- **The appointment of a Transition Director is recommended. An individual capable of delivering this plan has been identified.**
- **It is recommended the Tourism Shadow Board, having addressed its initial objective by defining the optimum structure, takes a greater and more direct ‘advisory’ role with Jersey Tourism, satisfying the following elements of the Terms of Reference from**

P.113/2012, the States Proposition that brought the TSB into being, namely:

- a. To strengthen governance and good practice in all areas of Tourism/Visit Jersey operations.
 - b. To challenge and support the executive teams
 - c. To develop strategy and business operations and ensure they are subject to rigorous independent commercial challenge in a manner which enhances governance at a pivotal time.
 - d. To ensure the optimum performance of the sector in delivering cost-effective operational solutions for the development of tourism in Jersey.
 - e. To undertake any other appropriate roles as agreed with the Minister for Economic Development.
- **With the retirement of the Director of Tourism in early Q2 2015, the recruitment of a Chief Executive Officer, Designate must be undertaken to preserve continuity and strength of leadership during the transition phase.**
 - **If approval is given by the Minister, the transition programme would commence on 01 August 2014. It is envisaged that Visit Jersey would be operational by January 2015.**
 - **The direct costs of delivering this transition plan are estimated at £200k.**
 - **The premise of the organisation will be, in addition to the grant from EDD, to maximise its revenue generation and ensure an effective Return on Investment.**
 - **Based on the current Jersey Tourism budget of £5,622k the appropriate level of Annual Grant needs to be established within the MTFP (2015) and MTFP2 (2016-19) periods.**
 - **Generating income of over £1 million per annum to spend on revenue generating activity would be a major goal.**
 - **The preliminary estimate of running costs for Visit Jersey is £5,495k pa.**

It is recommended the Minister approves the Tourism Shadow Board’s plan and provides funding of £200k to cover the direct cost of funding.

2. Tourism – Re-stating the case

The TSB’s Preliminary Report set out clearly the case for why tourism matters to Jersey. The following facts are highlighted by way of a reminder of the industry’s overall value and the belief that these numbers would grow significantly if it received greater focus and investment.

2.1 Economic Contribution

Data provided in the States of Jersey’s Statistics Unit’s 2013 report provides evidence for the current economic value of the sector. As the Statistics Unit defines tourism as “Hotels, Restaurants and Bars” excluding, for instance GVA generated by attractions, it is safe to assume that the statistics represent the sector’s *minimum* direct economic contribution:

- The Gross Value Added (GVA) contribution of the Hotels, Restaurants and Bars sector was estimated to be £141m in 2012.
- In 2013 Jersey had 682,000 visitors with an on-Island visitor spend of £228m. This spend makes a significant contribution that trickles down to all sectors of the economy, whilst also providing additional GST income of over £10m per annum to the Treasury. It should be noted that in GST alone the tax take is c.200% of the annual tourism budget.
- The Hotels, Restaurants and Bars sector employs 6,540 people. As with GVA, this figure discounts other jobs in Attractions, Wholesale, Retail, Transport (including Jersey Airport and Port of Jersey), Agriculture, Communications and other service sectors that are, at least in part, reliant on the tourism sector.

2.2 Community Benefit

- The tourism sector supports all areas of the community to an extent that no other sector does.
- The provision of amenities for tourists in the form of hotels, restaurants, and bars significantly benefits the whole community.
- Visitors generate and support major attractions and events that benefit the whole community – Battle of Flowers, Jersey Heritage, Durrell, the International Air Display, the Boat Show etc.
- A thriving tourism sector provides the opportunity to showcase Jersey positively to the wider world with visitors becoming ambassadors for the Island and its community.

2.3 Prove the value

The industry has not been good at demonstrating the value it brings to the Island. As a sector it needs to move onto the ‘front foot’ and seek to prove its worth.

In November 2013 Visit Britain and the Tourism Alliance commissioned Deloitte and Oxford Economics to produce a report entitled: “Tourism; jobs and growth, the economic contribution of the tourism economy in the UK”.

This report highlighted that tourism was growing and delivered £127bn into the UK economy; the equivalent of 9% of the UK's GDP.

The report highlighted the ‘multiplier effect’ of the tourism industry. In future Visit Jersey, in conjunction with the tourism sector would want to conduct similar research to highlight the sector's value. The report evaluates the economic contribution of tourism in three ways:

- **Direct Tourism Industry** – spending directly related to items such as hotels, attractions and ports (air and sea)
- **Tourism Economy** – direct industry and government investment in the travel and tourism sectors to include domestic supply chains
- **Total Contribution** – includes the tourism economy and spending by employees in the direct and indirect industries.

3. The Market opportunity

Prior to the Preliminary Report's findings the perceived view was that the market was difficult and the Island had to prepare itself for ‘managed decline’ going forward.

The World Tourism Organisation's 2014 report indicates that international tourist arrivals grew by 5% worldwide in 2013 and forecasts 2014 growth to be 4.0% to 4.5%. Deloitte's report for Visit Britain indicates that the UK's tourism economy will increase by 3.8% per annum.

There is opportunity, ultimately a shift in mind-set is required and significant effort is required to market the Island and convert the opportunities that are there.

The following provides a high-level overview of what might be achieved:

- Greatly increased work with airlines and ferry operators to stimulate demand and develop profitable air and sea routes. Early indications are that the additional flights being provided on diverse routes by, for example, easyJet and Jet2 and from London Gatwick by British Airways and easyJet are leading to increasing visitor numbers. The arrival of the new Condor vessel in Easter 2015 with increased capacity and better weather resilience will provide a significant opportunity to further develop outputs from our ferry services.
- Increased focus on Jersey's traditional UK market in order to reverse Jersey's principal area of decline. Jersey Tourism has undertaken a good deal of research into this and the recent Arkenford report highlights areas to pursue:
 - “The current market like what they see ...so room to grow ‘more of the same’ types or develop campaigns to make them return”;

- “Some new segments of the market could be attracted to Jersey for different reasons/with different messages...room to grow ‘new’ visitors. For instance, long haul visitors to the UK, particularly those from emerging economies, are a potential target market for Jersey based on the fact that “any visitor to the UK is a potential visitor to Jersey”.
- There is strong evidence of growth potential in the Northern European markets such as Germany and Scandinavia and these markets need to be exploited.
- Ensure that our product is aligned to the current and future expectations of any new markets.
- Further effort needs to be taken to develop new areas and segments which may require a radical departure from the current product, product development, marketing and promotional approach.
- Greatly increase opportunities to maximise Jersey’s areas of strength in the marketing proposition – for instance, quality of life, the coastal product and our countryside idyll.

The TSB’s review of both qualitative and quantitative data would indicate that the right strategy, being delivered by an effective organisation could deliver real growth opportunities for Jersey.

Ultimately, an initial market drive to get higher occupancy levels will deliver highly efficient sector growth. This approach requires minimal increases in fixed and variable cost for hotel owners but additional visitors will translate very effectively into operating profit. This efficient “top line to bottom line” conversion of incremental revenue has the potential to drive increased investment to improve the product and generate higher tax yield.

4. The Need for Change

A plethora of reports in the last few years bear witness to the truth of the statement below:

“There is an imperative for change which has been enhanced by the publication of the TSB report.” David de Carteret, Director of Tourism

There has been much prior work on this subject, most of which is in the public domain. This section will not repeat these reports but seeks to highlight what it views to be some underlying issues.

4.1 Jersey Tourism – A Structural Problem

- The industry as a whole has concerns about Jersey Tourism being able to deliver its remit on account of it being within a government department. The Bidwell reports echoes this sentiment where it is stated that “Jersey Tourism forming part of EDD is restrictive for all parties”.
- The fact that Jersey Tourism is in a Government environment also results in it being subject to a wide range of political agendas and requirements that distract it from its main tourism-related objectives.
- There is a clear perception (gathered by the TSB in taking evidence from the industry) that the ability of Jersey Tourism to act commercially is compromised by being directly within a Government-run department. The opinion voiced by many in the industry is that the level of criticism accompanying perceived shortcomings has led to an (understandable) tendency to risk aversion.
- Pressures which come to bear on Jersey Tourism from across the Island are difficult to balance, and no doubt impacts the self-belief and risk taking profile of the department. We wish to see an energised and vibrant organisation with the head room to deliver growth.

4.2 Ports of Jersey

In outlining the potential options for changing the current Jersey Tourism structure, the TSB has considered a number of options and this included whether it should merge with the soon to be incorporated Ports of Jersey.

In his recent report, the Director of Tourism also raised the potential of Jersey Tourism merging with the Ports of Jersey as a matter of consideration.

The TSB has a high regard for both the team and the objectives of the Ports of Jersey. As outlined in sections of this paper, it believes that the newly formed Visit Jersey will seek to work very closely with Ports in many areas where the two organisations have common goals. However, the Ports of Jersey will be a large organisation formed to deliver port operations that are capital hungry and with operationally complex facilities. It is not a marketing organisation supported by the industry. As such it is the belief of the TSB that the overall case for tourism may be diluted if it was placed into this entity.

5. Visit Jersey

To generate high level results, the new organisation leading tourism in Jersey must have the capability to undertake detailed research and develop a comprehensive tourism strategy and the ability to implement such a strategy effectively to deliver forecast growth.

Visit Jersey needs to be very nimble and able to quickly identify and act upon market opportunities and changing consumer expectations. This focus has to be channelled into highly effective external and internal communication utilising the full range of conventional, digital and social media.

The TSB retains the belief that the formation of Visit Jersey, the organisation that it recommended in its Preliminary Report, is the optimum governance and operational model and the right path for the future of tourism for Jersey. The entity will seek to lead the thinking in the tourism sector whilst also being fully prepared for judgement on a wide range of specific Key Performance Indicators (KPIs).

It is clear that in creating the organisation it needs to have a sense of strategic direction that will subsequently drive its function and structure. Whilst the TSB ultimately believes that this is something that a future Senior Management Team may wish to develop, it does have a clear sense of what Visit Jersey needs to achieve.

5.1 Industry Leader

The objective of the organisation will be to embody a new philosophy of leading the industry both locally and internationally.

The focus of the team will be to provide direction and leadership in the following areas:

- Thought Leader – providing innovative ideas and be the ‘trend setter’;
- Trusted Advisor – acknowledged for generating effective solutions;
- Persuasive and influencing – it is envisaged that the views of the organisation will be actively sought;
- Cheerleader and ambassador – setting a positive agenda for the future of tourism as a vital component of Jersey’s economic and social mix.

Visit Jersey will lead the industry to success worth celebrating, generating high levels of internal morale and confidence which, in turn, will have a collateral benefit for the whole sector.

5.2 Vision

To generate an appropriate level of activity and excitement, Visit Jersey needs to create a new perception of the Island in the minds of future tourists. A new message needs to be communicated.

The TSB has considered this matter at length and believes Visit Jersey needs to create a greatly increased ‘desire’ to come to the Island from existing and new markets.

The benefit of developing a strong vision for the future is that it enables Visit Jersey to focus its activity and marketing messages, which in turn enables it to recapture a passion for tourism that has been lost in the recent past.

The net outcome of this vision will be to drive activity that achieves outcomes, the following being the most prominent:

- **1 million visitors before 2030**
- **A future ‘visitor spend’ of £500m**
- **Hotel occupancy levels close to 95% in the peak season**

5.3 Brand

A major element of what the new Visit Jersey organisation will need to develop is a brand and values both for the Visit Jersey organisation and the sector at large.

5.3.1 External

Currently the key way for potential visitors to access information about Jersey is via www.jersey.com. Whilst this website conveys a high level of information, many of those whose evidence informed the Preliminary Report felt it does not convey the emotion and feeling that a visit to the Island can conjure. With the increasing importance of the digital channels to market, the realisation of an exciting, aspirational brand capable of translation into all new and emerging forms of media is hugely important.

5.3.2 Internal

Visit Jersey needs to develop a clear internal brand that it can use to articulate precisely what it does to a wider local audience and by this means ensure the understanding and support of the people of the Island.

5.4 Key Performance Indicators (KPIs)

The concept of measurement and accountability will be a key value to the new organisation and it is therefore necessary to have its performance measured in an open and transparent way utilising both established and new KPIs.

5.4.1 Current Sector Measures

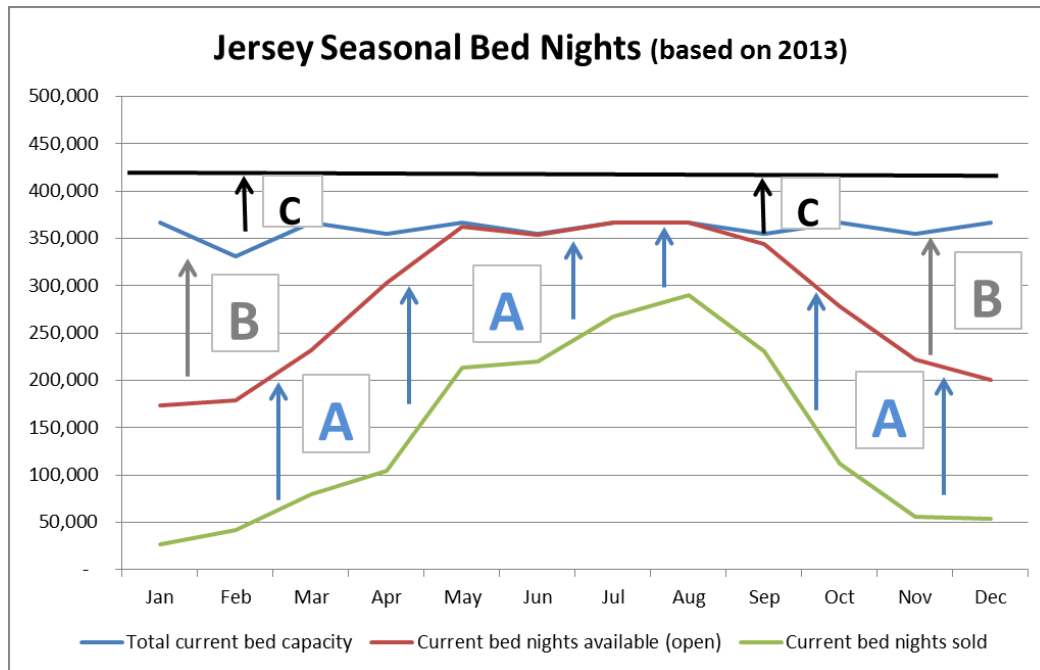
In terms of the current measures, Visit Jersey will work with the industry to identify the most important statistics (outside of the pure economic data) that will help to drive performance. Some current measures are as follows:

- Total Visitor Volumes
- Bed/Room Nights sold
- Segmentation of visitors (category, volume, stay and spend etc.)
- Bed nights available
- Bed/Room occupancy levels (seasonal variation)

Whilst these measures will be retained, it is proposed that their underlying value is discussed within the sector and the data is fully analysed so the most meaningful are built upon. In short, these measures must drive investment into the resources where they will achieve the greatest benefit.

The Preliminary Report clearly articulated the importance of improving the level of bed occupancy throughout the year. The focus will initially be on

driving up occupancy levels in the summer (A) and ultimately increasing bed nights available both in the winter months (B) and in absolute terms (C) as indicated below:



5.4.2 Future Measures

The TSB also believes Visit Jersey should look at new approaches for external benchmarking and joining certain indices that can allow the Island to measure its progress and monitor growth. The following provide some examples:

- External – customer perception survey is viewed as vital;
- League Tables – e.g. Condé Nast;
- Digital surveys;
- Social media;
- Tourism Awards – UK and International.

Aside from external measures the organisation needs to be service focused. It will look to develop appropriate data to evaluate its performance and will undertake other surveys to analyse satisfaction with the service provided. Some possible examples are:

- ‘Return on Investment’ measurement of campaigns and events;
- Perception survey measuring how much tourism is ‘loved’ in the Island;
- Internal Satisfaction Survey measuring the industry’s view of Visit Jersey’s service levels.

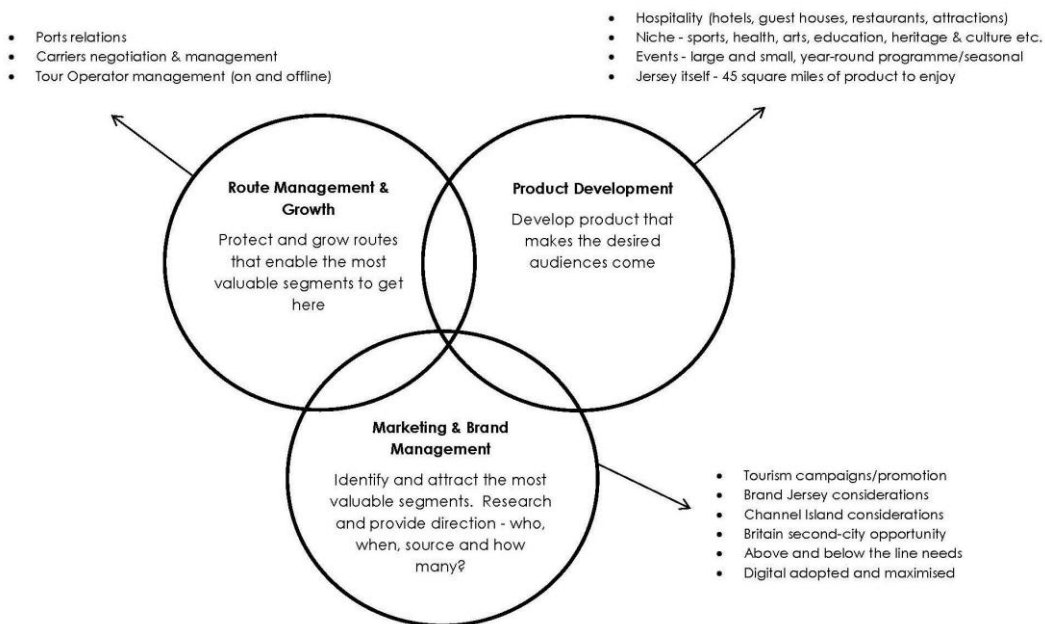
It is acknowledged that all of the above will have cost implications. Visit Jersey will make an assessment of the short and long term benefits of any particular approach in order to prioritise which measures to focus on.

Throughout its activity the body will look to use more digital platforms and measures to assess performance and will also reach out to bodies such as the Chamber of Commerce, Ports of Jersey and Digital Jersey to co-operate on compiling data.

6. Strategic Focus

The Preliminary Report clearly outlined that the areas of strategic focus would fall on the following three interlinked segments:

- Marketing and Brand Management
- Product Development
- Access Management and Growth



These segments will drive the key activities that Visit Jersey would seek to undertake as described below. Appendix 1 provides a more detailed analysis of these segments.

6.1 Marketing and Brand Management

Through Arkenford and other agencies, Jersey Tourism is currently undertaking research which is providing a methodology for targeting market segments.

It is recommended that this type and level of research is continued but it is proposed that the results are fully analysed by the sector to define more effective marketing strategies. This may lead, for example, to a change of emphasis away from one traditional market and toward another emerging opportunity.

Visit Jersey would seek to work with industry partners to produce the following results:

- Clearer plans as to overall strategic targets;
- Greater utilisation of shared data (e.g. Ports of Jersey, tour operators, carriers and hospitality providers);
- Against the background of a shared tourism strategy, develop more effective tactical marketing programmes;
- Be responsive to and seize growth potential from new market opportunities.

6.2 Product Development

In considering the Product, it is important that the term is clearly defined. The TSB sees this in its broadest sense - what the Island can offer generically as opposed to just focusing on events and attractions.

Given this broader context, there is a general, but perhaps misplaced, view that there is “nothing wrong” with the Jersey product, a view expressed by some of those whose views informed the Preliminary Report. Whilst the Island is fortunate to have a significant tourism infrastructure and many exceedingly well-organised events, much needs to be done. Directly supporting and/or investing in infrastructure and delivering events will not be the primary function of Visit Jersey’s Product Development effort. Instead, the organisation will work to assist potential investment, develop market propositions across the entire Island offering and bring infrastructure and event owners into the product development process.

6.3 Access Management

Aligned with the desire for increasing visitor numbers has to be the availability of access to the Island by air and sea. Visit Jersey will play a role in developing access opportunities by greatly increasing the development of relationships and clear forward plans with the specific stakeholders, namely:

- Ports of Jersey – who manage the access gateways and who are also measured by passenger volumes;
- Airlines and ferry operators – these carriers will have clear commercial targets and objectives that need to be understood and exploited to the benefit of the tourism sector;
- Tour Operators – allied with the above are looking for commercial opportunities;
- Hotels and other accommodation providers – want to see volumes increase, particularly in shoulder months.

Visit Jersey will seek to work closely with all these parties without straying into their areas of responsibility. It would not be responsible for commercial negotiations and relationships with carriers; this would be left with the Ports of Jersey. Initial analysis, for example would indicate that Visit Jersey should work closely with the Travel Trade, but it will cross-fertilise ideas and commercial leads with Ports of Jersey. It is envisaged the levels of co-operation will be significantly enhanced once both organisations are fully operational.

The benefits of this revised attitude would be to see the development of the following:

- Congruent strategy to identify future demand opportunities;
- Opportunity to rapidly implement new geographies and routes;
- Quickly implement tactical activity to drive sales.

6.4 Integrated Approach – Relationship Management

For Visit Jersey to become the fulcrum of the tourism sector it must build and maintain strong relationships with a wide range of stakeholders from the outset. Whilst this means good communication with more established bodies such as the Chamber of Commerce and the Institute of Directors it also needs to reach out to new organisations such as Digital Jersey, Jersey Business and to important thought leaders such as Jersey Finance.

This approach, alongside the other strategic elements outlined, should enable Visit Jersey to influence and persuade Government on tourism matters. At the same time Visit Jersey needs to be direct in its communication, articulating clearly what it is not going to do.

The organisation would not view itself as being directly responsible for the regulation and control of the industry nor can it be viewed as a repository for every problem or complaint about the sector or every business within it.

Whilst external relations are important it also needs to identify exceedingly closely with the key agents in the sector.

6.4.1 Tourism Development Fund (TDF)

The TDF is a vital source of funding for organisations that want to invest in the sector and so developing a symbiotic relationship between TDF and Visit Jersey would be a key goal. It is envisaged that there would be Visit Jersey representation on the TDF Board. It would be Visit Jersey’s product development strategy, endorsed by the Minister that would inform the TDF in its allocation of funds.

6.4.2 Jersey Hospitality Association

The JHA is the current representative body / trade association of the sector in Jersey and as such Visit Jersey needs to form and maintain a close relationship with it. However, the JHA has existed alongside Jersey Tourism

and Visit Jersey will need to work with the JHA to consider how best to develop that relationship with the different role and approach of a non-government organisation. The JHA has largely seen its role as representing the industry’s interests to government, but clearly Visit Jersey will subsume some of that responsibility. As a consequence, the JHA will need to consider how to adapt to the change and indeed whether there remains a sufficiently large role to maintain a separate identity. These are sensitive matters, but they must be addressed within the first 12 months of Visit Jersey’s operations.

7. A Structure for Change

The Board is aware that not only does Visit Jersey need a strategic focus it must also be a robust organisation that is widely accountable to its stakeholders. As such it has given this matter serious thought when considering the most appropriate corporate structure.

The reality is that the organisation requires a flexible relationship between its aspirations as an independent entity and the requirements of the States of Jersey’s Economic Development Department, who for the foreseeable future will be providing the bulk of its funding.

7.1 Non-Charitable Purpose Trust.

The TSB has considered and rejected incorporation in the manner proposed for the Ports of Jersey, which, subject to States approval in 2015, will be incorporated but still wholly owned by the States of Jersey. Having reviewed the other non-government bodies such as Jersey Finance, Jersey Business and Digital Jersey, which are governed by a Non-Charitable Purpose Trust, it believes this is the most effective and practical mechanism for achieving its aims whilst retaining the appropriate levels of operational independence, scrutiny and external governance. The Jersey Conference Bureau is structured this way and therefore provides a model within the sector. As part of the transition process, consideration will be given to folding this structure into Visit Jersey.

In essence the Purpose Trust will have a simple and clear Purpose, namely “To ensure the future growth and development of the Tourism Sector in Jersey and to secure this by creating a company called Visit Jersey”.

By having three wholly independent trustees and an ‘Enforcer’, whose role is to guarantee the aims of the Trust are being upheld, there are established, multiple levels of oversight in a Purpose Trust structure.

7.2 Memorandum and Articles of Association

The main role of the Trustees will be to create a company called Visit Jersey. In the first instance it is believed that the Memorandum and Articles of Association for Visit Jersey should create a simple company structure with appropriate Directors and Board. The concept of a governance structure that

includes stakeholders from the sector will be considered in the transition review but as outlined in section 6.4 it is viewed that this would be subject to future discussions between the Jersey Hospitality Association and the new entity. To seek to achieve this objective at an early juncture is likely to lead to unacceptable delays in setting Visit Jersey up and may cause confusion in creating the Board.

7.3 Annual Grant and Partnership Agreement

On the creation of Visit Jersey, the entity, it will then be in a position to formally engage with EDD, receive monies and become an employing entity.

In line with existing precedent and in compliance with States Financial Direction 5.5, it is acknowledged there will be a Service Level Agreement, in the form of a Partnership Agreement, which will be amended on an annual basis, with a Business Plan approved by the Minister. Once the annual Business Plan is agreed an Annual Grant can then be transferred from EDD to the organisation.

To achieve this goal the TSB understands that EDD would want the following key controls in place:

- **Creation of a strong corporate governance framework throughout the whole of Visit Jersey with the ability to independently scrutinise Board and Management activity.**
- **Ability to transparently measure the operational effectiveness of the organisation set against pre-agreed objectives.**
- **Transparent and independent audit of Visit Jersey’s financial activity and controls.**

Whilst Visit Jersey does not want to be fettered by unnecessary control, the TSB understands that EDD, being responsible for distributing public funds, requires absolute compliance with States Financial Directions. In achieving this objective EDD will need assurance that the monies provided will be, and have been, utilised effectively.

7.4 The Operation

The real work of Visit Jersey will be done by its team led by a high-performing Chief Executive (CEO) who will report to an independent Board of Non-Executive Directors.

7.4.1 The Board

It is proposed that a fully independent and appropriately remunerated Board is created to develop the strategy and oversee the implementation of Visit Jersey’s activities:

- **Chairman** – a Non-Executive position and the incumbent should ideally be resident in Jersey. To perform the role effectively the

Chairman should have significant commercial experience, including the proven ability to oversee a high profile and complex organisation similar to that of Visit Jersey. The Chairman should be independent of the tourism sector in order to bring objectivity to bear.

- **Chief Executive Officer** – a dynamic and high performing individual who has strong leadership, marketing and communication skills. The preferred candidate is likely to emerge from the Tourism sector and should have a broad overview of emerging themes in the sector, including digital. Allied to this, he or she would need a level of international experience and insight. The individual performing this role will need to be remunerated in line with their required ability and market value.
- **Non-Executive Directors (NEDs)** – although a number has yet to be finalised, it is believed that up to five independent NEDs would be required. The appointees would need to demonstrate a wide level of tourism experience in various aspects of the sector including (for illustrative purposes): hospitality; events; attractions; travel/transport; marketing and finance. In addition, experience external to Jersey and possibly internationally would be preferred. It is proposed that at least one of the NEDs would have a relevant financial qualification or background and would be required to act as Chairman of the Board’s Audit Committee.
- **Economic Development Minister’s Representative** – as with all other non-governmental organisations of this nature (Jersey Finance Limited, Jersey Business and Digital Jersey), the Minister will appoint one representative to the Board of Visit Jersey. It is anticipated that this will be the CEO of EDD at the time. This post will not be remunerated.

In line with the Combined Code on Corporate Governance, all Non-Executive directors will serve a maximum term of three years before review and possible re-election, with no more than two terms being served other than where exceptional circumstances exist. Initially the whole Board would serve for three years before one or two directors rotated off the Board in sequence until the whole Board has been refreshed.

It is proposed the Chief Executive will have a fixed term contract to allow for appropriate performance management. It is envisaged that the term may be for between three and five years. It is hoped the individual will be ambitious for both the organisation and themselves, therefore provoking a need for personal advancement.

7.4.2 TSB

The concept of orderly transition is a major theme in this paper and will be covered in detail in Section 8. In order to direct such a transition it is recommended that the TSB, as it is currently configured, remains in place until the new organisation is operating effectively. It is envisaged that the TSB would disband as the new Board of Directors is established with a view to the

new Board being in place after Visit Jersey has successfully operated for 12 months. Notwithstanding any additional expertise required (such as a NED with an appropriate accountancy qualification), the EDD CEO has, in communication with the Jersey Appointments Commission, established that the appointed members of the TSB can serve as Board members of Visit Jersey without the need for a further recruitment exercise.

7.4.3 Organisational Structure – Overview

The objective is to create a flat, effective and nimble organisational structure with a high level of internal communication and interdependence. In design it will seek to effectively deliver a defined strategy and annual business plan and these overview items have been covered in Section 6. Appendix 2 provides a summary of the Visit Jersey structure but conceptually the organisation needs to do five simple things:

- **Conduct effective research to develop overarching strategy;**
- **Implement the brand, marketing and promotional strategies;**
- **Develop and implement product development strategies;**
- **Develop relationships with key stakeholders to generate business ideas and opportunities;**
- **Continuous measurement and review of activity to evaluate effectiveness and implement improvement.**

In response to these requirements the following five fundamental areas have been identified and basic functions outlined – the list is not exclusive.

7.4.3.1 Strategy and Research

- Corporate strategy and business planning
- Market research and insight
- Measurement of activity

7.4.3.2 Marketing and Brand Management

- Development and execution of brand and marketing strategy
- Utilisation of an appropriate mix of traditional and digital media channels (website, social media etc.)
- PR programme

7.4.3.3 Product Development and Management

- Strategic direction for the development of island-wide product infrastructure that supports agreed goals and brand aspirations
- Work with infrastructure and event owners in the product development process
- Support investment propositions
- Develop and promote events that support the brand goals

7.4.3.4 Relationship Development

- Establish effective relationships with product owners, carriers and agents etc. both in Jersey and internationally.
- Develop new business opportunities
- Oversee the Visitor Services activity

7.4.3.5 Finance, Administration and Contract Management

- Provide business services and management information
- Ensure external contracts are effectively managed and performance evaluated

Conceptually there is no view as to whether these activities should be executed within Visit Jersey or be outsourced. It is considered as both necessary and appropriate that more detailed analysis is done in this area and that the ultimate structure is one that the CEO should be responsible for and should be finalised once a clearer understanding of the activities and functions of those people currently working within Jersey Tourism has been fully established.

7.4.4 Remuneration and Performance Management

The TSB is aware that it needs to attract the right of calibre of person to ensure success and it therefore needs to have a fair and competitive remuneration package that will encourage people from both the private and public sector to join it.

Visit Jersey’s aim will be to pay market rates and provide good terms and conditions of employment. Similarly it will be the philosophy of the organisation to reward individuals or teams on the achievement of their personal and collective targets and objectives.

7.4.5 High Performance

The aim is to ensure that Visit Jersey is constructed as a high performing organisation. A fundamental part of this is to concentrate on ensuring that working within the company is viewed as energising, enjoyable and fun. These values along with those of openness and transparency need to be instilled from top to bottom in the people who operate in the organisation.

8. The Transition

Following the States of Jersey’s approval of P.113/2012 to establish the TSB it was well aware that its remit was to not only review the potential way forward for Tourism in Jersey but to also consider what a new organisation should look like and to provide a roadmap for the transition from the current state to a new one.

8.1 Managing change

Since it published its Preliminary Report in March 2014, the TSB has been mindful that whilst the formation of Visit Jersey has been widely supported both within and outside of the Tourism sector there have been fundamental concerns about what the future might look like and how it will be implemented. Additionally, there has been scepticism within Jersey Tourism as to why this proposal should succeed where others have failed.

In their Preliminary Report the TSB stated, “Many witnesses acknowledged there are good, dedicated, committed and hardworking people doing their best at Jersey Tourism.” It is because of this evidence, which the TSB accepts, that it is considered particularly important, during the transition phase, to engage with staff, giving them the opportunity to express their views. Notwithstanding the fact that, under current States policy, no one can be made compulsorily redundant, there remains the absolute need to deal with all employees sensitively, openly and honestly. It remains the intention that all staff should have equality of opportunity should they wish to apply for positions within Visit Jersey.

8.2 Initial Steps

In order to move things forward immediately, the TSB recommends that the following steps are agreed and undertaken prior to **1st August 2014**:

- **In line with all aspects of the Terms of Reference detailed in P.113/2012, the TSB will assume a greater ‘advisory’ role with Jersey Tourism in order gain a greater understanding of its current activities and short term targets.**
- **As the current Director of Jersey Tourism is due to retire in early 2015, arrangements are put in hand by EDD for the immediate recruitment of a Chief Executive Officer Designate who would become the CEO of Visit Jersey on the setting up of the entity. The TSB will be closely involved in the recruitment process which will be overseen by Jersey Appointments Commission.**
- **The Minister appoints, through a contract for services with EDD, a ‘Transition Director’ who reports directly to the Chairman of the TSB and the CEO of EDD and through them to the Minister. The post holder, who will be located with the Jersey Tourism team, will have the remit to work directly with the Director of Jersey Tourism and his team in facilitating change.**
- **The Minister and the CEO of EDD secures financial and other resources, to be made available for the Transition Director to support their work.**
- **The Minister approves the details of this paper.**

8.2.1 Transition Director

The level of detailed work required finalising the Visit Jersey proposition and the management of the whole change process requires a highly skilled and dedicated individual who has experience in the transfer of roles and responsibilities from a government department to an independently functioning entity. The TSB believes it has identified a suitably qualified and highly regarded individual to perform this task.

In reality the main objective of the role would be to carry out the functions highlighted in the remainder of this section, but in overview the position would:

- **Have Visit Jersey operational by January 2015;**
- **Work closely with the current Jersey Tourism team, the Tourism Shadow Board, EDD and other stakeholders;**
- **Practically implement the identified changes;**
- **Provide financial clarity to proposals;**
- **Support the CEO Designate when he/she is appointed;**
- **Take lead responsibility for legacy issues allowing the CEO Designate to concentrate on forward strategic plans;**
- **Research and recommend additional concepts for Visit Jersey;**
- **Reinforce the macroeconomic and social benefits of the Tourism Sector.**

The individual concerned would be employed by EDD under a contract for services with jointly agreed targets and remuneration. The ultimate length of the contract is difficult to determine with absolute certainty although it is considered that six months would be an appropriate timeframe.

The role is quite separate from that of the CEO. The appointment of the Transition Director will speed up the development of the new organisation and will seek to manage many of the more complicated operational functions prior to the CEO's arrival, allowing them to immediately deal with the future objectives and strategy of Visit Jersey.

8.3 Transition Plan

In advance of the potential recruitment of the Transition Director, the TSB has sought to provide an overview of the tasks and activities that will be required in the forthcoming months.

The Transition Plan is focused on enabling Visit Jersey to be fully operational by **Monday 5th January 2015**. It is vital to the process of delivering a satisfactory marketing plan for 2015 and a new tourism strategy for 2016 onwards that no undue delay is experienced, so, setting a stretching but achievable date is seen as imperative to a successful outcome. However it is acknowledged that some minor change to this date might be inevitable as the transition plan is finalised.

“Visit Jersey – Love Jersey” – Implementing Change - The Plan for Transition

On the basis that early January is the agreed operational date for Visit Jersey, the following table provides a quick overview of the key activity that needs to be undertaken and completed during a 22-week period.

Transition Process Summary of Major Activity	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015
Agree milestones and workflows						
Commence recruitment of CEO Designate						
Develop Visit Jersey structure						
Formally set up Company						
Review the people related issues						
Implement new structures						
Overview of the financial details						
Review of current activity						
Generate options for new activity						
Management of external stakeholders						
Key people identified and in place						
Visit Jersey fully operational						

Note: The green shading indicates when a task will commence and the red shading indicates when it should be completed.

Appendix 3 provides a detailed summary of the actions required. This document and the processes outlined will be iterative. It provides an overview of both the number and complexity of the functions requiring execution. The following provides an overview of certain key work streams:

- Develop and finalise the case and operational structure for Visit Jersey.
- Manage the people related elements of the organisational transition, to include certain key factors:
 - Develop and implement a clear communication process with Jersey Tourism and Jersey Conference Bureau staff;
 - Assist in the recruitment of the CEO Designate;
 - Provide recommendations for a new organisation structure, with associated costs;
 - Oversee recruitment process into the new organisation;
 - In conjunction with EDD - draft and implement a transition plan for all Jersey Tourism employees.
- Review current Jersey Tourism financial arrangements:
 - Overview of existing budgets, contracts and agreements (in conjunction with EDD);
 - Review of support functions;
 - Identify and cost current, transitional and future requirements;
 - Clarify ‘Annual Grant’ arrangement and conclude the drafting of an EDD/VJ Partnership Agreement and a 2015 business plan;
 - Review potential property requirements and costs;
 - Identify potential income generating options.

- Review current departmental activity:
 - Identify internal activity and support the 2015 programme;
 - Meet with key external suppliers where appropriate;
 - Review website and digital offering;
 - Produce overview of potential operational improvements to be implemented by Visit Jersey in the future.

- Manage relationships with external stakeholders:
 - Meet with the Tourism Development Fund to outline future plans;
 - Discuss options with the Jersey Hospitality Association;
 - Brief relevant politicians as to progress.

Throughout this period a high level of internal and external communication will be required, including weekly meetings with the relevant people, allied with all parties being committed to a direct but constructive process.

8.4 Transition Costs

To enable this process to commence the TSB requires some one-off funding of £200k from EDD.

The table below provides an initial overview of how the monies would be apportioned:

Transitional Costs - Items of Expense	Cost (£)
Transition Director	£60,000
Specialist Consultancy (Marketing and organisational related)	£30,000
Legal + Professional Costs (Trust and Company formation, Accounting and HR Advice)	£15,000
Recruitment Fees (Requirement to source CEO Designate and other new roles)	£30,000
Property Review (Review of Property options + initial drawings)	£20,000
Digital Consulting (Overview of Website and Social Media opportunities – to include income generating options)	£30,000
IT Consultancy (Overview of future technology solutions)	£10,000
Sundries + Contingency (Admin support and related costs)	£5,000
Total	£200,000

It is envisaged that monies would be required to secure the services of the Transition Director for up to 6 months, from August 2014 to January 2015.

In addition to providing payment to the Transition Director there is a requirement for other funds to be potentially available to assist the overall objective. Specialist consultancy would be utilised for advice as to how Visit Jersey should market itself or could generate future income. By way of example further analysis into ‘Tourism Business Improvement Districts’ (‘TBIDS’) could identify a way forward for future sector support.

Analysis of the website and digital opportunities will require an external overview of how things operate now as against identifying how the whole digital architecture could be developed in the future, including ways of

generating income. Currently www.jersey.com is hosted on the States of Jersey system on a SharePoint site. This will require a detailed migration plan as well as a future licence agreement with the States of Jersey.

Legal and Professional costs alongside Recruitment fees are directly related to the practical reality of setting up the company and recruiting the CEO Designate and potentially other key roles. The recruitment fees are likely to have been incurred by EDD due to the need to search for a replacement to the current Director of Tourism.

Property options also have to be considered as it believed that it will no longer be cost effective for the Liberation Place offices to be utilised going forward. Therefore fees, including those of a property services agent and architect may be required to enable potential alternatives to be progressed.

Although not factored into the above, consideration will also need to be given to identifying costs related to the provision of ‘third party’ services to Jersey Tourism by EDD and what the potential costs of a ‘transition service agreement’ would be.

Clearly, where EDD or related governmental bodies can assist to minimise these costs by providing the above services in a timely and cost effective manner then they will be reduced accordingly.

The one area that has been left open so far is the restructuring costs in terms of appropriately dealing with potentially affected Jersey Tourism people. These costs will only be confirmed once the transition plan is finalised with the new CEO Designate and the transition process is underway.

9. Future Financial Estimates

In embarking on the formation of Visit Jersey, the TSB has always made clear that it was about ensuring the effective future development of Tourism that mattered and not an exercise in cost cutting. The objective of the organisation will be to utilise financial resources more effectively and build a case to receive an annual grant from the States of Jersey based on the delivery of its objectives and the return these monies will demonstrably return to the Island.

Separately, and as indicated in Section 2, work will be undertaken to prove Tourism’s economic case within Jersey. This would follow closely the work that has been published by Deloitte and Oxford Economics.

The other driving force of Visit Jersey will be to seek to generate additional income which could initially be in the region of 10% of its Annual Grant, but with plans to increase this to 20% or more. To achieve this may require specific capital expenditure which it would seek to discuss with EDD, basing its case on the Return on Investment that could be achieved from this sum.

Whilst it is acknowledged that a more detailed financial analysis is required and will be undertaken by the Transition Director, it is believed to be an instructive exercise to estimate Visit Jersey’s potential funding requirements and to set this against the current funding of Jersey Tourism and an estimate of future Grants in line with the States of Jersey’s Medium Term Financial Plan (‘MTFP’).

9.1 Estimate of Current Funding and Future Grants

Based on Jersey Tourism’s 2014 budget, it is believed that £5,622k is utilised to directly fund the running of the organisation. This figure does not account for £500k per annum that is currently made available for the TDF. It should be noted that the recapitalisation of the TDF cannot be guaranteed beyond 2015.

Clarification is required as to what the Annual Grant for Visit Jersey will be in 2015. It is understood that the States of Jersey is currently completing a long term revenue plan for the period 2016-2019 which will be captured in “MTFP2”. Given the pressure of States of Jersey resources, the TSB recognises that the Minister will have difficult choices to make with regard to funding across the EDD portfolio. That being said, the TSB hopes that Visit Jersey will be in a position to make a strong case to secure appropriate funding.

An estimated £220k was provided in 2014 to support the Battle of Flowers, The International Air Display and the Liberation Festival. As a matter of principle Visit Jersey would continue to support and develop these events but this stance would have to be reviewed if grant funding from EDD was significantly reduced.

9.2 Preliminary Budget

Based on an initial review of potential operating costs and income generation the following table outlines a pro-forma estimate of Visit Jersey’s budget.

Visit Jersey – Preliminary Budget Estimate	Cost pa (£)
<u>Staff Related – Costs</u>	
Board Related (Chairman + NEDs)	£130,000
Chief Executive	£160,000
Management + Staff	£940,000
Training	£30,000
<i>Sub-Total</i>	<i>£1,260,000</i>
<u>Activity Based Expenditure</u>	
Strategy and Research	
Marketing and Brand Management	
Product Management	
Relationship Management (includes Visitor Services activity)	
<i>Sub-Total</i>	<i>£5,000,000</i>
<u>Income (additional monies to be spent on Activity)</u>	
Additional Income generated by Visit Jersey – eg website income	<i>(£1,000,000)</i>
<u>Other Expense</u>	
Rent + Rates + Insurance	£100,000
Heat + Light + Telephone + Broadband	£40,000
Website and IT Support	£40,000
Legal + Professional	£20,000
Departmental Travel + Entertaining (separate to Activity above)	£15,000
Office Costs (Stationery etc.)	£10,000
Sundries + Contingency	£10,000
<i>Sub-Total</i>	<i>£235,000</i>
<u>Total</u>	<u>£5,495,000</u>

9.2.1 Staff Related Costs

In reviewing the staff related elements it is acknowledged that the Board will need to be appropriately remunerated to ensure the requisite calibre of Chairman and NEDs can be identified.

The rate for the CEO is total employment cost and as such assumes a salary in the region of £130k pa but with the ability to provide a housing allowance if the suitable candidate needs to be relocated as well as the scope for a financial bonus based on performance and a pension allowance rather the provision of an occupational pension scheme.

The remaining staff costs are based on an estimate of future requirements and have included an evaluation of the current Jersey Tourism provision.

9.2.2 Activity Based Expenditure and Income

The assumption here is that circa £5 million per annum will be spent on activities that can be directly measured and deliver value to the sector. The working assumption is that the organisation will seek to derive an income from

its activities which it will, in turn, directly reinvest into value added activity. In terms of the income figure of £1 million, it is an aspiration that the organisation believes it will be able to achieve and is a realistic initial increase on the £765k figure Jersey Tourism currently generates.

The detailed allocation of the expenditure and the income generation will need definition as part of future work by the Transition Director and the CEO Designate.

9.2.3 Other Expense

Estimates are provided as to further expenditure; the major variable being rent. The need to relocate from Liberation Place has been viewed as highly probable so the establishment of new premises will be essential.

The allocation of these future costs will need to be reviewed in terms of both their quantum and as to whether they should be held centrally or allocated to the activity-based functions.

9.3 Capital Expenditure

To effectively achieve some of its aspirations there will be the need for additional capital expenditure. The table below provides an initial estimate of the potential sums involved. These figures and the total quantum of monies involved will need further review.

Forecast Capital Expenditure Requirements	Cost (£)
Refurbishment of new premises for Visit Jersey	£500,000
Major overhaul of www.jersey.com website	£200,000
Purchase of IT equipment	£50,000
Total	£750,000

10. Recommendation

In summary form in this paper, and in considerable detail in its Preliminary Report, the TSB has outlined the potential benefits of moving tourism in Jersey to a new ‘virtuous cycle’.

Similarly the dangers of inaction are manifest. The levels of investment in the industry will decline and there will be a corresponding decline in the standards and number of visitor-related amenities and events. This will be to the considerable economic and social detriment of the Island.

In response to the Minister for Economic Development’s invitation to demonstrate the case for Visit Jersey and its implementation, the Board has taken a pragmatic view and got into the detail. Whilst it restates the need for Visit Jersey and wants things to change now, it understands the practicalities of this and has analysed the human and other issues that need to be addressed. In short, the TSB has provided an overview of what needs to be done and recommended an implementation process.

It is recommended that the Minister for Economic Development approves the expenditure of £200k to allow the transition process towards the creation of Visit Jersey to be effectively implemented.