

Minutes of Meeting of the VisitScotland Board held on 12 October 2017

Present: John Thurso (Chairman)
Anne Anderson
Rebecca Brooks
Cathy Craig
Gordon Dewar
Carolyn Jameson
Stephen Hagan
Caroline Roxburgh

In attendance: Malcolm Roughead (Chief Executive)
Riddell Graham (Director of Partnerships)
Ken Neilson (Director of Corporate Services)
Charlie Smith (Director of Marketing & Digital)

Apologies: Steve Dunlop
Calum Ross

Minutes: Lynne Raeside

MINUTES OF THE BOARD MEETING HELD ON 7 SEPTEMBER 2017

1. The minutes of the Board meeting held on 7 September were confirmed as a true record of the meeting subject to a minor change to the wording relating to the Project Unlimited creative presentation.

CONFLICTS OF INTEREST

2. There were no conflicts of interest.

MATTERS ARISING

3. All matters arising were addressed throughout the agenda or had been scheduled for forthcoming meetings.

FINANCIAL MATTERS

Annual Report and Accounts

4. The Chair of the Audit and Risk Committee (ARC) presented the Annual Report and Accounts. She noted that the Auditors have advised that VAT cannot be capitalised and therefore approval has been received from Scottish Government to transfer £100,000 from Opex to Capex. She also reported that a post-balance sheet event regarding the Information Strategy announcement has been added.
5. The Audit and Compliance Manager provided an explanation of the cash outturn, staff costs, administration overheads, income and balance sheet.
6. The Board confirmed its approval of the conclusion of the Management Team and the ARC and confirmed its approval that the Accounts be signed.

Audit and Risk Committee Update

7. The Chair of the ARC provided an update on the most recent meeting. The Annual Report and Accounts and the Audit Scotland Report were the main issues for discussion. Another focus had been discussion around the risk management framework. The ARC will continue to work on this to develop a session on risk for the full Board.
8. It was noted that the Audit Scotland Report had reported no major issues and Audit Scotland was content with the outcome of the year. Audit Scotland had made two recommendations for consideration moving forward: (i) further development of a medium to long term financial plan; and (ii) development of a workforce plan. These two issues will be on the agenda for the ARC and the Board in the coming year.
9. The Chair of the ARC presented the report of the ARC. She reported on the main areas of focus of the Committee: (i) Annual Report and Accounts; (ii) identification of areas of interest to the Board; and (iii) internal audit. Two areas of interest for the Board in the near future are as follows: (i) cyber resilience; and (ii) implications of new personal data regulations. It was noted that there are some good training modules available on cyber risk.
10. The Chairman thanked the Chair of the ARC.
11. The Board also thanked the Audit and Compliance Manager for his work over the last nine years and wished him well for the future.

Finance Report

12. The Director of Corporate Services introduced a reforecasted budget, noting movement of spend into next year which allows the 2017/18 budget to be balanced. The Chairman asked about the impact on the 2018/19 budget. It was noted that a business case is currently being prepared to seek additional funding to support Project Unlimited.

13. The Board approved the reforecast.

Property Matters

14. The Director of Corporate Services introduced a paper seeking Board approval for the outcome of the sale of premises in Inverurie and approval for the revised assessment and buyer for premises in Lochboisdale.

15. The sale of Inverurie was approved, with the caveat that the conditions of sale should remove any risk of a buyer immediately selling on for profit.

16. In relation to Lochboisdale it was reported that the Community Group had been successful in securing heritage funding and therefore the scoring was re-calculated, with the result that the Community Group now came out as the top. The Board asked about Community Group's plans for the premises. It was noted that as part of the grant funding application process they would have had to satisfy the funding body that there would be a community benefit. The Board approved the sale but asked that further information be provided on the Community Group's plans for the property. **Action: information on the future of Lochboisdale to be shared with the Board.**

Publication Policy

17. The Director of Corporate Services introduced a paper seeking feedback from the Board on VisitScotland's current Publication Policy and whether there was a need to extend it to cover further publications. The paper also sought views on whether consideration should be given to holding Board meetings in public.

18. It was agreed that given that there would be a need to continue with private sessions, due to the confidential nature of many discussions, it would not be worthwhile holding meetings in public. The Board did agree, however, that there was an opportunity to extend the Publication Policy to cover additional policies such as Fraud and Anti-Bribery. **Action: Management Team to bring forward recommendations of additional policies which should be covered by the Publication Scheme.**

Performance Measures

19. The Director of Corporate Services introduced a report updating the Board on progress against key performance indicators. The Board noted the two amber updates.

Pensions

20. The Director of Corporate Services introduced a paper updating the Board on pension provision. The paper was noted.

Health and Safety

21. The Director of Corporate Services introduced a paper updating the Board on health and safety issues since the previous Board meeting. It was noted that there had been no RIDDOR incidents and there are no outstanding claims.
22. The Board sought clarity on what action had been taken in respect of terror related advice for iCentres located in the proximity of busy travel centres. It was noted that VisitScotland has taken part in the Project Griffen exercise which has addressed counter terrorism advice.

DIGITAL TRANSFORMATION

23. The Chairman welcomed Vicki Miller, Head of Customer Experience, and Leanne Mallon, Head of Performance Marketing. The Director of Marketing and Digital introduced the session, noting that the digital requirements have been borne out of the strategic framework.
24. It was noted that from a consumer perspective a lot of good work has been undertaken but more could be done to personalise it and target it for consumers. From an industry perspective there is a need for much greater integration.
25. Management information is currently very complex. There are a number of different platforms and the way in which the organisation currently works has a number of limitations. The aim is to build a simplified cloud based eco-system incorporating a marketing automation platform, data management platform, a strategic CMS and an upgraded CRM. This new eco-system would have a number of business benefits: (i) enhanced customer experience; (ii) greater personalisation and relevancy; (iii) real-time interaction; (iv) effective performance optimisation; and (v) automation to improve efficiency.
26. In response to questions about commercial opportunities, it was noted that there would not be an income opportunity for VisitScotland due to State Aid considerations but the new system would allow VisitScotland to better refer to industry and therefore provide commercial benefit to tourism businesses. The new system would also allow for better partnerships as it would be easier for partners to plug into it. The main barrier to achieving this is the SME capability.
27. The Board discussed the importance of working in partnership to ensure the ability to keep up with the speed of changes in respect of personalisation. It was noted that careful consideration would have to be given to selecting partners.
28. The importance of increasing the value of our data and insight was highlighted. It was noted that there is currently nowhere to house disparate sources of data and the project will allow the better sharing of data. The Board discussed how industry and DMOs could engage with these data sources. The Chief Executive confirmed that a paper would come to the Board to outline how VisitScotland will engage with DMOs. **Action: paper to come to Board on how DMOs can access data sources.**
29. The team outlined the current priorities. A programme office has been established and has proved to be very valuable. Resource is currently temporary but it is likely to be made permanent. A development partner will be procured. A full two year plan is currently being

developed an will be presented to the Board. **Action: full timeline to be shared with the Board.**

30. In terms of optimising performance, it was acknowledged that in the future the platforms will provide more usable data, looking across the customer journey rather than by channel. This will allow data to be combined, e.g. customer data with behavioural data. Data flow will be seamless and real time.
31. The Director of Marketing and Digital reported on how this work will link with Project Unlimited, noting that it will be important to be clear about the decisions that are taken and how they impact on Project Unlimited.
32. The Chairman led discussion, noting that governance, budget, HR and skills resource were all subjects that would require ongoing consideration. The Board sought clarity on potential barriers. It was noted that speed of delivery is a key challenge, hence the decision to bring a development partner on board. The teams internally are adopting an Agile working approach. It was also noted that securing additional capex funding would be a significant help, although existing budgets will allow the minimum to be delivered.
33. The Chairman thanked VM and LM for attending the meeting.

INFORMATION STRATEGY

34. The Director of Partnerships provided an update on the communication of the Information Strategy. He reported that initial reaction had been generally positive, with some small challenges in certain pockets. Overwhelmingly stakeholders understood the need for change, although there were some local concerns. Stakeholders appreciated the personal calls.
35. The Head of Information and Quality, Lynn Jack, provided an update on staff communications. The process had gone well and meetings with staff had been held. Individual communications will commence shortly.
36. It was noted that following the announcement there is still considerable work to be carried out as the strategy is fully implemented. In particular, it was noted that more detail is required about the VIP Programme. It was agreed that further discussion on this would come to the Board. **Action: update on Information Strategy to come to the December Board.**
37. The Chairman extended his thanks to LJ and the wider team.

PEOPLE STRATEGY

38. The Chief Executive introduced a paper updating the Board on implementation of the People Strategy. He reported that a lot of work is already underway but there is still some way to go to move the organisation from good to great to world class.
39. It was noted that more needs to be done to embed the values into the organisation. Consideration is being given to staff engagement. Board members were invited to provide feedback directly to the incoming Head of HR, Lynn Jack, on how this works in their own organisations. **Action: Board members to share insight on staff engagement.**
40. It was also noted that work is required in respect of leadership and management capability and to understand better how to use talent management data to best effect. Other areas which will become the focus of ongoing work include well-being and recruitment, with recognition that there is work required to develop employer branding.
41. LJ reported on the forthcoming staff survey. The Board discussed the importance of having the ability to benchmark not only with other public sector organisations but with the private sector organisations with whom VisitScotland is competing for staff. The Board also discussed the importance of ensuring that staff see actions as a result of the survey.
42. The Board discussed the proposed dashboard. It was noted that it perhaps did not address culture and it was suggested that there should be a way of capturing this. It was acknowledged that there are probably a number of cultures within the organisation but it was suggested that it is perhaps acceptable to have different cultures given the complexity of the organisation.
43. The Board also discussed the importance of differentiating between values and sentiment, noting that it is sentiment that should be tested rather than recall of the values.
44. It was agreed that scarcity of skills is a big issue. It was acknowledged that the Board should consider how best to address this and take a view on whether VisitScotland, if it cannot compete with the ready-skilled market, should recruit lower skilled individuals with a view to training them, even at the risk of losing them to the market. An approach such as this could be a legitimate part of the mix.
45. The Board thanked LJ for attending and inputting to the discussion.

CHAIRMAN'S REPORT

46. The Chairman reported on his activity since the previous Board meeting, including his quarterly meeting with the Scottish Tourism Alliance and the last meeting of the Implementation Board. He noted that the debate was ongoing in respect of Strategic Board composition and he reported on his discussion with the Directorate General for the Economy.
47. The Chairman updated the Board on progress with the evaluation process. He noted that a report would be presented to the December Board for discussion.

CHIEF EXECUTIVE'S REPORT

48. The Chief Executive introduced a paper updating the Board on activity since the previous Board meeting. He drew particular attention to the following:

- (a) **Performance:** most recent IPS results show an increase of 11% in visits and a 19% increase in spend for the rolling 12 month period (against 7% and 8% respectively for the UK). The US has enjoyed particularly strong growth with a 38% increase in visits and a 48% increase in spend, while for Europe there was a 3% increase in visits and an 8% increase in spend. The UK market has experienced a decline in overall spend but this is largely due to a decrease in the business market rather than the holiday market. The balance of trade shows tourism as being positive. The Board discussed the strong performance of the sector and agreed that it would be important to point to the fact that investment in tourism is showing positive returns. The fact that the rest of the UK is not faring as well as Scotland demonstrates the return on investment.
- (b) **Euro Championships:** broadcast rights have been secured, with a potential reach of one billion. This, in turn, gives a good platform for sponsorship.
- (c) **City of Culture:** The EventScotland team is providing support to both Paisley and Dundee for their respective bids (UK and European).
- (d) **Island Games Bid:** It was noted that the work of the Director of Events and his team had been instrumental developing the bid.
- (e) **Project Unlimited:** a capex bid has been submitted as part of the CSR process. Discussions on governance and administration of money will have to be taken forward in the near future.
- (f) **Travel trade:** forward bookings are looking positive and there remains a lot of positive momentum. This could put some pressure on infrastructure. It was recorded that the recent US Business Development Mission had been extremely successful.
- (g) **Channel performance:** noted that all channels are performing strongly.
- (h) **Social Tourism:** results from this year to date have exceeded 2017. A full report will be presented once the breaks have all been completed. Planning is underway for 2018.
- (i) **SME support:** a number of internal workshops have been held to identify what support is currently being provided by VisitScotland to SMEs. This will help shape future thinking on SME support.
- (j) **Equalities:** the Chief Executive thanked Anne Anderson for representing the Board on VisitScotland's Equality and Diversity Working Group.
- (k) **Rural Investment Fund:** the announcement on the fund has been welcomed. It was noted that discussions are underway to discuss administration of the fund and VisitScotland will contribute to these.

49. The Board noted the report

PAPERS FOR NOTING

50. The following papers were submitted for noting:

- Insights update
- Operations update
- Communications Update

- Solheim Cup
- Schedule of forthcoming activity

ANY OTHER BUSINESS

51. The Chairman reported that the co-option period for the Chair of the Audit and Risk Committee was shortly coming to an end and a formal recruitment process would run to formalise the position.
52. The Board was updated on management changes at Prestwick Airport.