

Minutes of Meeting of the VisitScotland Board held on 13 December 2022 in Ocean Point and via video conference (Teams)

- Present:** John Thurso (Chairman)
Anne Anderson
Caroline Roxburgh
Paul Easto
Rebecca Brooks
Shona Marsh
Steven Walker
- In attendance:** Malcom Roughead (Chief Executive) From item 6 onwards
Ken Neilson (Director of Corporate Services)
Paul Bush (Director of Events)
Rob Dickson (Director of Industry and Destination Development)
Vicki Miller (Director of Marketing and Digital)
Michelle Lavery (Head of Corporate Governance and Performance) For item 4-5 only
- Minutes:** Freja Fischer-Møller
- Apologies:** Keith Nicholson

INTRODUCTIONS

1. The Chairman welcomed the attendees to the in-person meeting. He advised that the Chief Executive would attend the meeting virtually. He also reminded members that VSTV staff would make a short film of the Board at the end of the meeting as part of the annual internal communication update.

MINUTES OF THE BOARD MEETING HELD 27 OCTOBER 2022

2. The minutes of the Board meeting held on 27 October 2022 were approved as a true and accurate record of the meeting.

CONFLICTS OF INTEREST

3. No conflicts of interest were raised. It was noted that Shona Marsh had taken a role as Head of Education Programmes at CodeBase Ltd.

MATTERS ARISING

4. It was noted that all matters arising were covered during today's meeting.

ANNUAL REPORT AND FINANCIAL STATEMENTS AND SUPPORTING DOCUMENTS

5. The Director of Corporate Services confirmed that the 21/22 Group accounts were now complete, and the Head of Corporate Governance and Performance was invited to summarise the annual accounts package.
6. It was noted that the organisation has, since 2014/15, retained the highest level of assurance from our Internal Auditors.
7. The Internal Control Checklist and Certificate of Assurance was issued as part of the information pack. It has been reviewed by ARC, Management, and the Internal Auditors who were all content with it. It was then noted that the Chief Executive could sign the letter of representation and submit to Scottish Government.
8. The Board was advised that feedback from the Board and ARC on the draft Annual Report and Accounts had been incorporated into the final version. A new measurement category 'appropriate to strategic aims' was also added to the National Outcome section after advice from VS internal economist.
9. Regarding the financial position, it was noted that 76% of the approved overspend provided for Omicron funding of £25.8m was utilised, and on the capital expenditure savings were made on the Scottish Tourism Observatory.
10. The Board discussed whether a reclassification in the Audit Scotland report could be made so it is made clear that the funding under STERG was allocated to marketing activity.
11. The Board expressed its thanks and appreciation for the hard work that has been put into the completion of the annual report.

The Board approved 21/22 Annual Report and Financial Statements

FINANCIAL PLANNING

12. The Director of Corporate Services opened by presenting the financial planning papers containing a range of scenarios to consider. It was noted that this exercise would enable Management and Board to have a mutual and thorough understanding of where the costs lie, what options there are in the years ahead, and what the impact would be if VisitScotland were to do something differently.
13. All four directors highlighted potential savings, impacts, and reputational risks related to the financial planning scenarios. It was noted that some of the scenarios presented could be valuable efficiencies with low risk and minimal negative impact regardless of the budgetary situation.
14. It was pointed out that the salary costs are absorbing more and more of Grant-In-Aid, which is not sustainable in the long-term.
15. The challenges of labour shortages within the tourism and events industry were then further discussed, and it was suggested that secondments to the industry could be a beneficial option to investigate.

Action: Industry secondment to be investigated by Management.

16. The Board discussed the need for expenditure and strategic investments to be analysed separately. Ahead of the Strategy Awayday, it was noted that it would be helpful to further contextualise the budget.

Action: A summary of Core Activity budget (previous years) to be presented at a future Board meeting.

17. It was advised that the opportunities around the National Strategy for Economic Transformation (NSET) and how VisitScotland plays into that strategy were considered and reflected in the financial planning.

18. The Board noted that marketing and events is core to VisitScotland, and it was emphasised that investing in our people and digital capabilities remained front and centre as VisitScotland focuses on growing the visitor economy in a responsible way and aiming to make Scotland a world leader in 21st century tourism.

19. The Board thanked staff for the amount of work and effort put into this exercise. They agreed the presentation constituted a solid foundation for a discussion about the strategic direction and core purpose of VisitScotland in order to futureproof the organisation for the next 5-10 years. This discussion will continue over the next months.

CHAIR AND CHIEF EXECUTIVE UPDATE

20. The Chairman provided an update on his activities since the previous Board meeting. This included a speech at Visit Inverness Loch Ness on responsible tourism, and a joint Chair/CEO meeting with Highlands and Islands Enterprise.

21. The Chairman further noted that he had attended the Board meeting at The British Tourist Authority, where there was a discussion about the impact on visitor numbers after Brexit.

22. The Chief Executive opened with a reminder that Scottish Government would make its Budget Statement on 15th December. At this stage the core grant for 2023/24 is still unconfirmed, but several scenarios have been modelled assessing the impact of potential budget cuts. It was noted that all public bodies had been undertaking the same exercise.

23. It was further noted that the first meeting of the Tourism and Hospitality Industry Leadership Group took place on 23rd November and was co-chaired by the Tourism Minister Ivan McKee and Chief Executive of the Scottish Tourism Alliance, Marc Crothall.

24. The Chief Executive further advised the Board about several awards where Scotland has been recognised as world class destination. VisitScotland was also awarded HR Team of the Year at the HR Networks Awards.

25. Finally, it was noted that the staff survey was completed with a participation rate of 87%.

CORPORATE SERVICES REPORT

26. The Director of Corporate Services spoke to the directorate paper highlighting that the transformation to the cloud-based software is well underway. However, there is still some on-

site infrastructure based in Ocean Point. The Board was advised that the procurement team is now operating with a sufficient level of resources, if CWC work is delivered as currently planned, however slippages could impact that position.

EVENTS

27. The Director of Events updated the Board on recent activities.
28. It was noted that the Dandelion project has submitted a legacy plan which is under consideration. The National Audit Office has released its report on UNBOXED. The report does not focus on individual projects, so Dandelion is not specifically highlighted.
29. The Board was advised that Scottish Government has announced a six-month extension to the licensing scheme for existing short-term let hosts. It is considered to avert some of the transition challenges here and now, however the legislation is still seen as a significant obstacle for events particularly in major cities.
30. It was noted that it is unlikely the International Film Festival will receive a financial rescue package from Scottish Government.
31. The Director advised that the CWC reporting format has changed and CWC Board meetings are now held in-person as the organisation is gearing up towards August 2023. VisitScotland's HR team has assisted the CWC with workforce planning, and volunteers continue to be recruited.
32. It was further noted that the budget for CWC remains a challenge but work around it is taking place to get the budget aligned with the delivery of a successful event, and the partnership agreement for The Gran Fondo Championship is a crucial milestone.

INDUSTRY AND DESTINATION DEVELOPMENT

33. The Director of Industry and Destination Development provided an overview of recent industry activity noting that the IDD report for this meeting was the first after recent organisational change, so work to adjust the reporting and include more measurable data is ongoing.
34. The Board was advised that renewals of Quality Assurance memberships were successful.
35. It was noted that Scottish Government's regulatory legislation such as the short-term let scheme is a concern for the industry. VisitScotland continues to deliver support with enhanced content published on VS.org.

MARKETING, DIGITAL AND BRAND SCOTLAND REPORT

36. The Board noted the Marketing, Digital and Brand update.
37. From recent events, conferences, and awards there is a clear impression that there is an appetite for Scotland. The Director of Marketing and Digital advised that the demand is strong, especially from North America. There is an opportunity for Scotland to deliver increased higher value outdoor experiences and to support a sustainable and responsible recovery for the Scottish tourism industry.

38. The Board was advised that VisitScotland's travel trade event Expo has been replaced with a new format. Connect 2023 will consist of b2b workshops at P&J Live in Aberdeen at reduced cost for suppliers and VisitScotland. The programme will include 12 FAM trips pre and post event across Scotland to highlight businesses that offer responsible tourism experiences.
39. It was noted that VisitScotland had facilitated collaboration via VisitBritain Gateway Innovation Fund with London & Partners to explore the possibility of joint activity to promote dual centre (London and Scotland) holidays to the US Market - particularly the west coast of US, where there are no direct flights into Scotland. A media buy on Expedia with the Caledonian Sleeper along with DMOs (Edinburgh, Glasgow, Aberdeen and Inverness) committed to support the campaign.
40. The opportunity to support the development of a more bookable product through a product development fund was discussed. It was noted that VisitEngland had run a product development fund with additional funding provided by DCMS. However, VisitScotland focuses the industry advice, working with destinations and sectors on supporting businesses to create a more bookable product.
41. It was further noted that VisitScotland is working closely with UCI Cycling World Championship and partners to develop cycling tourism, not only to promote the 2023 cycling events but to build on its legacy highlighting cycling tourism as a key area of responsible growth to the visitor economy.

ARC MATTERS

42. The Chair of the Audit and Risk Committee (ARC) gave an update on ARC matters, noting that ARC finalised the annual report and audit report at its latest meeting.
43. It was noted that there were several lessons learned from the audit on business support funds.
44. It was further noted that the internal audit on Dandelion was completed with satisfaction as it showed how well the project had been delivered.
45. The Board was asked to approve the revised Terms of Reference (TOR) for the ARC. It was noted that only a small number of amendments had been made from the previous version, and that the internal auditors were content that the TOR were appropriate.

Terms of Reference for the ARC were approved by the Board.

POLICIES

46. Policies for Board approval were uploaded to Huddle in advance of the meeting to allow members to review. No queries were raised.

The Board approved the following policies:

- **Alcohol and Drugs Misuse Policy**
- **Flexible Working Policy**

47. It was noted that the Business Continuity Policy would be uploaded on Huddle for review before approval in January.

FINANCIAL AND BUSINESS PERFORMANCE REPORT

48. The Director of Corporate Services presented the Financial and Business Performance Report. It was noted that the budget was managed in the light of saving expectancies, and that the financial report did not include considerations around further staffing decisions. The Board was advised that future financial reporting will include a more detailed overview on staff costs.
49. It was noted that Dandelion would have an underspend, which form the basis for the funding of the Legacy project mentioned above.
50. It was further noted that the RTIF projects expected to end above budget due to inflation and that funding conversations are taking place with Scottish Government.
51. The Board expressed its satisfaction with the development and the changes made to the financial reporting.

AOB

52. The Chairman advised that the Minister is expected to attend a regular Board meeting in 2023. It was decided to postpone the deep dive on risk assessment until the Board meeting in June as the financial planning and priorities will be clearer at that stage.
53. It was noted that the option for hosting the Board meeting in February in Inverness would be explored.
54. The VSTV team was then invited to film the Board members for an internal communication update.

CLOSE

Thereafter, the meeting was brought to a close.