

Minutes of Meeting of the VisitScotland Board held on 17 September 2020 by video conference

Present: John Thurso (Chairman)
Anne Anderson
Caroline Roxburgh
Stephen Hagan
Rebecca Brooks
Keith Nicholson
Steven Walker
Cathy Craig

In attendance: Malcolm Roughead (Chief Executive)
Vicki Miller (Director of Marketing, Digital and Brand)
Riddell Graham (Director of Industry and Destination Development)
Ken Neilson (Director of Corporate Services)
Paul Bush (Director of Events)

Michelle Lavery (Head of Finance – for agenda item 4)
Denise Hill (Head of Engagement – for agenda items 5 and 7(b))
Campbell Forsyth (Head of Procurement – for agenda item 12.3)
Alasdair Peacock (Partner, DWF LLP – for agenda item 12.3)

Minutes: Gayle Biggart

INTRODUCTIONS

1. The Chairman welcomed Board members to the meeting and thanked them for joining the meeting by video conference. It was advised that there would be two presentations to the meeting. It was noted that the matters arising would be covered during the course of today's meeting.

MINUTES OF THE BOARD MEETING HELD ON 23 JULY 2020

2. The minutes of the Board meeting held on 23 July 2020 were approved as a true and accurate record of the meeting.

CONFLICTS OF INTEREST

3. Anne Anderson reminded the Board of her UNESCO membership and Rebecca Brooks advised that although there was nothing material to note at this time, she had been involved in conversations with the Scottish Government to request further support for the industry to help with the impact of the pandemic.

MATTERS ARISING

4. It was noted that the matters arising would be covered during the course of today's meeting. The Director of Industry and Destination Development confirmed that the outstanding Industry and Destination Development action from the June had now been actioned and could be closed.

ACTION: Close the Industry and Destination Development matter arising from the June Board meeting.

ANNUAL REPORTS AND ACCOUNTS

5. The Director of Corporate Services reminded the Board that the Annual Report and Accounts timetable had been delayed this year due to COVID-19. It was noted that the Accounts and the narrative would be presented at the same time at this meeting, whereas in previous years, the two had been separated. The Director of Corporate Services then introduced the Head of Finance to the meeting and thanked her for all her hard work in getting the Annual Report and Accounts to the position they are in now, given the additional workload that the team have faced over the last couple of months. The Chair of the Audit and Risk Committee confirmed that the documentation presented provided the Board with a more complete picture to consider.
6. The Head of Finance advised that there was still time for changes to be made to the narrative and that any comments or feedback should be submitted to Sarah Iversen. It was advised that the presentation would take the Board through the Annual Report and Accounts and draw the Board's attention to certain areas within the document. The Board were asked to consider: (i) the messaging throughout the document, (ii) the tone used, (iii) whether the COVID-19 response section was appropriate; and (iv) the use of case studies.
7. It was noted that the Annual Report is split into four sections: (i) an Overview which provides a summary of VisitScotland and what it does; (ii) Performance Report which sets out the activities and key highlights for the financial year; (iii) Accountability Report which covers governance; and (iv) Financial Statements. The Head of Finance took the Board through the sections of the Report and highlighted infographics and case studies which had been used in each section. It was advised that a balanced outturn position for operational expenditure and capital expenditure had been achieved. It was noted that the net liability status was £24.44m which was down from £27.91m in 2019. It was explained that this was due to a reduction in pension liability as at 31 March 2020 and from a reduction in commercial income following the QA fees being waived and a drop-in retail income. The balance sheet movements were highlighted and the reason for the movements was provided. In relation to the pension liability, it was noted that the market is still volatile, and discussions were underway with AuditScotland to consider whether the liability figure (as at a date closer to the signing of the Annual Report and Accounts) should be included as a post balance sheet note. The timeline for reviewing and finalising the Annual Report and Accounts before coming to the December Board meeting for approval was noted.

8. The Board were asked to comment on the key messaging and tone of the overall document, the COVID-19 response section and use of case studies within the Report. In particular, they were asked to consider whether the current draft struck the right balance between the good year for tourism in 2019 and the devastating impact of COVID-19.
9. The Chair of the Audit and Risk Committee advised that the Committee had seen a slightly earlier draft of the Annual Report and Accounts. It was noted that the audit was still in progress and that 2023 Cycling World Championships Limited, a subsidiary of VisitScotland which had a £2m budget for 19/20, would be included in the 19/20 Annual Report and Accounts. It was commented that next year, there would be more of change to the presentation of the accounts to reflect 2023 Cycling World Championships Limited. The Chair of the Committee advised that the Committee felt that the tone of the draft Annual Report and Accounts was appropriate and that despite the impact of COVID-19 going beyond VisitScotland's year end, it was important to report on the impact of the pandemic within the 19/20 Annual Report and to do so early in the Annual Report.
10. There was a discussion around the tone of the report and the section on VisitScotland's response to COVID-19. The Board agreed that a positive leadership message should come through the report and that what had been reflected in the Chairman's foreword and Chief Executive's statement was correct. The Board considered whether the COVID-19 section could be criticised by industry for portraying too positive a message when the industry is still facing huge challenges and are voicing frustrations about the lack of support they have received from the Scottish Government. It was highlighted that it was important to strike a balance and that VisitScotland had to be careful not to move into an advocacy position in this area. There was a suggestion to add additional wording to the risk section of the report to reflect the ongoing challenges that are being described to VisitScotland. It was also commented that a sentence could be added to acknowledge the challenges facing the industry and to note that we are listening to those challenges. The Chairman commented that it was important to remember that the Annual Report and Accounts were for 19/20 so should reflect the successes of last year as well as recognition of the impact of COVID-19. It was advised that there would be a much larger focus on COVID-19 in next year's annual report. The Board noted that they were content with the proposed approach to cover the points raised.

ACTION: Management to reflect the views of industry and the challenges faced in the COVID risk section of the Annual Report and add a short statement to note that VisitScotland recognises the current and future challenges without advocating the point.

ACTION: Board Members to refer any additional comments on the Annual Report and Accounts to the Director of Corporate Services or Sarah Iversen.

11. The Board thanked the Head of Finance and her team for excellent work which had gone into preparing the draft Annual Report and Accounts.

EXPO 2021

12. The Board welcomed the Head of Engagement to the meeting. It was noted that the VisitScotland Expo is recognised as a world-class business to business showcase for Scotland's tourism industry and that plans would usually be well advanced at this time of year for the event in the following April. It was advised that as the uncertainties around holding events continued, consideration needed to be given to whether to hold a digital event or to plan for both a digital event and a physical event in 2021. It was advised that the contract with the SEC for a venue space in April 2021 had been released and that if a physical event was desired, the procurement process to secure venue space would need to progress soon. It was noted that if a venue was secured, there could be financial implications if the venue space then had to be cancelled next year due to continuing restrictions. It was advised that VisitScotland was investigating whether a newly procured platform which has proven capability to host digital events could be used. It was advised that the industry preference would be for face-to-face meetings and any digital alternative would need to be able to deliver a pitch and sales format for meetings. The Head of Engagement advised that it was planned to test a digital event in November. A summary of the challenges faced was also provided. The Board's thoughts on the options were requested.
13. The Board questioned whether there was a third option of holding a hybrid type event. The Board considered that the benefits of a hybrid event were lower costs (for both VisitScotland and exhibitors) and increased flexibility. The Board discussed the benefits of a digital event and noted that an online event could have a much wider reach in terms of audience. However, it was noted that industry would need to be given sufficient time to ensure they had the necessary skills and support to develop digital assets to convey their messaging. The Board also noted the benefits of a physical event, provided the Scottish Government had given the go-ahead to do so and it was safe. It was noted that international tour operators would travel to the event if it was held in Scotland and that running a physical event would send a positive message to the industry.
14. The Chairman summarised that the worst outcome would be for VisitScotland to plan for a physical event which had to be cancelled at the last minute leaving no event at all. It was noted that given the continuing uncertainty, a digital event should be planned and that VisitScotland should keep the Board informed as the conversation on whether to hold a physical or hybrid event continues.

ACTION: Management to keep the Board informed on decision making for a physical/hybrid Expo event for 2021.

CHIEF EXECUTIVE'S REPORT

15. The Chief Executive advised that the quality and quantity of candidates available for the types of roles which VisitScotland has struggled to recruit for previously has increased. It was noted that candidates had been recruited from wider afield rather than the central belt during the lockdown period. The Board questioned whether the job adverts made it clear that VisitScotland was now working in a more agile way and it was confirmed that the adverts did set out that the roles did not require people to work in the central belt etc. The

Chief Executive advised that it was more about the reach of the advert rather than the content and that he would liaise with the HR team to ensure all bases are covered.

ACTION: Management to ensure job adverts are clear that VisitScotland is working in an agile way and do what it can to ensure the posts are advertised widely so that people are made aware of the job opportunities.

16. It was noted that a paper had been included within the pack which provided a summary of the various COVID relating funds which VisitScotland had been involved in administering over the last couple of months. The Chief Executive advised that the task force established by the Cabinet Secretary was due to end at the end of September and that a summary paper had been circulated for comment before going to plenary. It was noted that a decision on the provision of additional financial support would then be made.
17. It was noted that a meeting had been held earlier in the week with over 40 attendees from various public sector agencies to discuss visitor management and the issue of dirty camping. Following the initial meeting, it was noted that a smaller group, chaired by the Chief Executive, would be established to build on the issues highlighted through the Rural Tourism Infrastructure Fund and commit to solving issues and ensure all agencies have the same message. There was a concern from Board members for VisitScotland's reputation if it was seen to be at the forefront of this message. The Chief Executive advised that in order for change to be made in this area, it was worth providing some leadership to drive results and bring agencies and resources together.
18. The Chief Executive advised that although we are immersed in the COVID response and are working to support the industry as best as possible, consideration needed to be given to a future looking piece and provided reassurance that this was being done across the organisation.
19. The Board noted the Communications and Insights reports.

RESPONSIBLE TOURISM

20. The Director of Industry and Destination Development introduced the paper and provided an update on progress that had been made on the projects which were outlined in the original Board paper in March. It was advised that the UNESCO project is currently on hold but that VisitScotland was looking to resurrect the discussion with the Scottish Government. It was noted that there had been buy in from the new destination organisation in the South of Scotland for the South West Coast 300. It was advised that initial discussions had taken place for the Responsible Tourism Thistle Awards 2020/21 with a view to making a future event focussed on celebrating exemplar tourism businesses and initiatives that have embraced responsible tourism principles. It was also advised that the opportunities arising from the output of the Tourism Taskforce paper were great and that we would be looking to identify funds set aside for green recovery to make the most of these opportunities.

21. The Board commented that it was pleased to hear the progress that had been made in this area and there were opportunities to brand work undertaken on certain projects as part of the Responsible Tourism piece. The importance of the visitor economy in this area was noted. The Chairman advised that he sits on an investment task force which is pushing to see funding used for green recovery.

CRUISE TOURISM

22. The Head of Engagement re-joined the meeting and provided an update on the cruise tourism research study. It was noted that the study highlighted opportunities for local ports and opportunities for sustainable growth. Some of the recommendations from the study were noted as being (i) a need for clear leadership for the development of cruise tourism and (ii) a need for collaboration between the various ports to support visitor management. It was advised that the research was largely completed pre-COVID but that an opportunity had arisen over the last couple of months to look back at the findings through a recovery lens. Feedback from the Board was invited, and it was advised that following publication, the intention was to circulate summaries to the ports and provoke debate, as well as look towards COP 2026.
23. The Chairman advised that the discussion should centre around the strategic points i.e. VisitScotland taking part in proactive promotion or reacting when we are approached. The Board noted that this was a great opportunity and that there was a need for VisitScotland to be proactive as smaller boutique and explorer cruises bring visitors to more remote areas of Scotland which rely on cruise travellers. It was acknowledged that visitors needed to be managed properly when visiting the areas and not just channelled into the areas closest to the ports. The Board commented that the environmental impact of smaller boats would need to be factored in but on the basis that the environment impact is less and the fact that boutique and explorer cruises would spread the benefits of tourism across Scotland, the Board was supportive of the recommendation outlined in the paper.

INDUSTRY AND DESTINATION DEVELOPMENT

24. The Director of Industry and Destination Development provided an update on the Good to Go Scheme. It was highlighted that approx. 6,700 Scottish businesses had now signed up to the scheme, which represented 20% of total sign ups across the UK. It was noted that the industry is supportive of the Scheme. It was advised that all VisitScotland iCentres have now reopened. It was noted that additional funds for the Rural Tourism and Infrastructure Fund had been requested from the Scottish Government, following a £12m ask in applications for a £3m pot in round three. The report was taken as read.

CORPORATE SERVICES

25. The Director of Corporate Services advised that an issue with the CCRM project had been identified when user acceptance testing work had begun. It was advised that a senior business analyst had now been brought into the project to assist and it was expected that the issue would be sorted within a month. It was noted that Oracle had undergone an

upgrade in the period which had been fully tested before release, it was highlighted that the training materials had also been updated as a result.

26. It was noted that, despite lockdown, the move to the new Glasgow office had now taken place, and that while all staff were still working from home, the new office space provides a model for office working in the future. The Board noted the paper.
27. The Chair of the Audit and Risk Committee advised that the Procurement Annual Report which was presented to the September Committee would also be brought to the Board going forward and that a cyber security audit was due to be undertaken before the next Committee meeting, the outcome of which would be reported to the Committee.

ACTION: Management to add the Annual Procurement Report to the Board Planner (to be brought to the Board following the Report being provided to the Audit and Risk Committee).

EVENTS

28. The Director of Events advised that the Events Industry Advisory Group had become a very valuable medium over the last couple of months and provided an opportunity for the industry to voice its challenges. It was noted that the comments raised were communicated to the Cabinet Secretary. It was noted that approval had been given for 650 spectators to attend a golf event at the end of the month provided COVID case numbers remained low. It was highlighted that it was now a year since the Solheim Cup had been held at Gleneagles.
29. It was advised that the independent directors had now been appointed to the 2023 Cycling World Championships Limited Board and that the Board had approved the co-option of a world cycling champion to the Board. It was noted that the minutes from the subsidiary Board meetings would be made available to the VisitScotland Board going forward and that the Chair of the VisitScotland Audit and Risk Committee and Director of Corporate Services were due to meet the Chair of the 2023 Cycling World Championships Limited Audit and Risk Committee shortly to discuss him attending the VisitScotland Committee meetings.

MARKETING AND DIGITAL

30. The Director of Marketing and Digital advised that the broadcast elements of the 'Only in Scotland' campaign were due to end soon but that more budget had been set aside for the digital elements and that new video content was currently being created for Autumn and Winter. It was noted that the planned activity for the wider UK had not gone ahead given the restrictions which are still in place.
31. It was noted activity with Expedia had been launched at the end of July to all Scotland and selected areas of England. The rationale for this was explained as there being a demand in these areas to seek short breaks in Scotland and that Expedia could be used to connect consumers with businesses who are open and good to go. It was highlighted that from the end of July to 3rd September, 40% of bookings through Expedia had come from VisitScotland campaign activity and in the Borders, 80% of all bookings had been as a result of VisitScotland's campaign. It was noted that lesser known regions of Scotland could be

upweighted as part of this activity. It was advised that given the recent announcement about the six-person rule as part of the COVID restrictions, there had been evidence of cancellations at some self-catering properties.

32. It was advised that August had been the best performing month ever for VisitScotland's social channels with a 67.8m reach across Facebook and Instagram and that there had been an increase in Scottish individuals subscribing to VisitScotland's consumer database. An overview of activity working alongside VisitBritain was provided, in particular the 'Escape the Everyday' campaign which is driving visitors to [visitscotland.com](https://www.visitscotland.com), accessible tourism activity in Fife and an influencer swap.
33. It was noted that work was underway to produce guides to motorhome travel and camping in Scotland. It was advised that influencers are used to reach a younger audience and to try to deliver the responsible tourism message in a more informative way to younger audiences. On the international side, it was noted that consumer activity had been planned through intermediaries to keep Scotland top of mind and to plan for 2021. It was noted that a platform would be tested with the aim of running virtual business development missions and that the ScotsAgent programme would be adapted and efforts made to grow that database.
34. The Director of Marketing and Digital advised the Board that the intention was to run the digital but not the broadcast elements of the UK campaign. It was commented that this would help support businesses who are open.
35. The Board discussed the risk to the international markets and noted that decisions were being made about 2021 within the industry already. It was commented that VisitScotland had to keep Scotland front and centre of the international market to ensure Scotland did not lose its share of the market. It was advised that certain markets, for example, Germany and Switzerland would soon be starting to book for 2021 and there was a risk Scotland could miss the opportunity to encourage people to travel here next year. There was a discussion around the use of a brand maintenance campaign rather than a marketing campaign to keep Scotland top of mind for 2021 within the international markets. It was acknowledged that domestic travellers currently booked much closer to departure dates but that the case for international travellers was different in that VisitScotland needed to act now in order to secure travel to Scotland next year.
36. The Board concurred with the approach proposed to continue with the digital elements of the UK campaign. In addition, the Board noted the risk to next year's international market and asked Management to explore brand maintenance for next year. The Board considered that brand activity looks and feels different to campaign activity and requested that advice be given to the Scottish Government to advise of the risk to 2021 and 2022 if brand maintenance is not a focus in the coming period. The Chair commented that this activity would not ask people to travel to Scotland but instead remind people that Scotland is here and waiting when international travel is permitted again.

ACTION: Management to explore brand maintenance for next year and advise Scottish Government of the risk to the tourism sector in 2021 and 2022 if brand maintenance is not a focus in the coming period.

FINANCE

37. The Director of Corporate Services took the Board through the Finance Paper and noted that £10m had been received from Scottish Government, over and above the monthly core GIA drawdown, for COVID Events grant funds. It was advised that home office furniture for staff while working from home had been recorded against the Travel and Subsistence budget code. It was noted that the self-catering COVID support fund was oversubscribed and 50 eligible businesses had applied to the fund but had not been one of the first 100 businesses to apply. It was advised that VisitScotland had approached the Scottish Government to discuss whether additional funding could be made available for these eligible businesses. Management advised that the additional funding could be covered from VisitScotland's budget and that it was proposed to issue award letters to the remaining eligible businesses. **The Board agreed with the proposed course of action.**

PROCUREMENT

38. The Chairman welcomed the Head of Procurement and Alasdair Peacock, Partner at DWF, to the meeting to discuss the paper which had been circulated on Festival UK 22 and the proposed procurement route. The Director of Corporate Services advised that the proposed process had been determined by Festival 2022 Limited and that initially, there had been reservations about the proposed route. It was noted that those reservations had been communicated to Festival 2022 Limited who had sought to alleviate VisitScotland's concerns by providing additional information. It was advised that as more information had been provided and after obtaining legal advice, Management felt more comfortable with the process as outlined. It was advised that in terms of governance, the project had been added to the UK Government's Major Projects Review Group. The Chair of the Audit and Risk Committee commented on the pace at which this matter was progressing. It was advised that a paper had been circulated to the Committee last week, out with the usual meeting timetable. Given that the Committee had some reservations, it had been decided to bring the matter to the Board for consideration. It was noted that the position had developed further over the course of the last week.
39. The Head of Procurement took the Board through the background, the clarifications provided by Festival 2022 Limited and the process itself. It was noted that Festival 2022 Limited had taken its own legal advice and that had been presented to its Board meeting earlier in the month. It was advised that Festival 2022 Limited had provided further clarifications to VisitScotland and reassurance on governance procedures earlier this week. It was noted that the procurement route proposed by Festival 2022 Limited is a compliant procurement route. The rationale provided by Festival 2022 Limited for selecting this procurement route was outlined to the Board and it was noted that Festival 2022 Limited had confirmed that they had considered other procurement routes before selecting the proposed route. It was noted that the procurement would comprise of two phases, a R&D

phase and commission phase. The importance of maintaining an audit trail and operating on the basis of openness and transparency were highlighted.

40. The Board raised some concerns with the proposed route. It was commented that the proposed route exposed VisitScotland to potential reputational damage for a situation which is not of VisitScotland's making. It was emphasised that the Board should be aware of the risks involved when making a decision and that the risks should be conveyed to the Scottish Government. The importance of maintaining a good audit trail of the Board's discussion was noted.
41. Alasdair Peacock advised that regardless of the route selected, there would be an element of risk as that is the nature of procurement law. The key legal considerations were outlined to the Board, as well as the associated risk. It was advised that it was open the Board to accept that risk if it wished to do so. It was noted that DWF would flag to the Board if it believed the proposal was something which VisitScotland should not do or if the risk was too high for a public sector body to take on. It was advised that that was not the case here. It was confirmed that DWF were comfortable with the proposed route, with all of the various mitigations in place. It was confirmed that it was appropriate for VisitScotland to follow this route, if the Board wished to do so.
42. There followed a discussion on the concerns raised by the Board. It was noted that the Board's concern was the reputational standing of VisitScotland rather than Festival 2022 Limited and VisitScotland's involvement was questioned. The Board also considered the risk of not being involved in project such as this when the festival sector is another sector which has been devastated by COVID-19. It was noted that it was also important to recognise the aims of the project and the scale of the investment in this area.
43. The Chairman commented on the route taken to get to the current position, the involvement of the UK Government and Scottish Government and the risks associated both with and with not supporting the project. The Chairman advised that the advice received from DWF provided sufficient comfort on the proposed route and the mitigations were helpful. The Chairman advised that in responding to the Addendum to the Letter of Strategic Guidance, he would note that risks have been identified and make the Cabinet Secretaries aware of those risks. **The Board agreed to approve the procurement route, subject to all the mitigations outlined in the paper and the additional mitigations highlighted in the meeting being incorporated.**

ACTION: Management to conduct a risk assessment and bring it to a future Board meeting for comment and approval.

ACTION: Management to ensure that the mitigations outlined in the paper and the additional mitigations highlighted during the meeting are actioned.

44. The Board considered (i) the Application to Tender for Audit Services and (ii) Application to Tender for an EPoS system and confirmed they were happy to approve both Applications.

PENSIONS

45. The Director of Corporate Services provided an update on VisitScotland's pension activity. It was noted that following a consultation period with all affected Local Government Pension Funds, the Scottish Government had now signed the formal direction approving the transfers to the Lothian Pension Fund. In relation to the British Tourist Board Pension Fund, it was noted that since the last Board meeting, the actuary for the BTB fund has written to all the employers setting out his assumptions for the valuation. It was advised that VisitScotland has asked its advisor to review the assumptions and the outcome will be brought to a future Board meeting for consideration.

ACTION: Management to provide an update on the British Tourist Board Pension Fund, following a review of the assumptions, at a future Board meeting.

46. The Board was reminded that it had previously been agreed to extend a life assurance benefit to those members of staff in the NEST scheme who do not currently enjoy that benefit. It was noted that a quote had been received detailing the cost of providing the life assurance cover and **the Board agreed that it should be included in the next submission to the Scottish Government relating to NEST.**

ARC UPDATE

47. The Chair of the Audit and Risk Committee advised that the draft minutes of the September Committee meeting and summary report were included in the Board paper pack. Items from the September Committee meeting were highlighted as follows:

- (i) an internal audit had been carried out in relation to the governance of 2023 Cycling World Championships Limited which had returned a positive report;
- (ii) the Sustainability Report had been presented to the Committee and this would come to the Board alongside the Annual Report for sign off in due course.

It was noted that Steven Walker had attended the meeting and Rebecca Brookes had requested to attend the November meeting. The Board noted the update.

POLICIES

48. The Director of Corporate Services advised that updates had been made to the Gifts and Hospitality Policy and the Sustainability Policy as outlined in the paper and that a new Agile Working Policy had been prepared following the discussion at the July Board.
49. The Board commented that the Agile Working Policy was a good policy which shows that VisitScotland is committed to make improvements and the one-year rather than three-year review was appropriate. **The Board approved (i) the Gifts and Hospitality Policy; (ii) the Sustainability Policy; and (iii) the Agile Working Policy.**

BUSINESS CONTINUITY UPDATE

50. The Director of Corporate Services advised that a communication had gone out to all VisitScotland staff earlier in the week to advise that local offices would not be reopening

until 2021, following the statement issued by the Scottish Government about their offices. The Board noted the paper.

AOB

51. It was advised that dates for Board meetings in 2021 had been circulated to Board members and that following feedback, the June meeting would be moved to a week earlier than proposed.

ACTION: Management to issue diary invites for 2021 Board meetings.

CLOSE

52. The Chairman thanked Board members for their attendance and for their participation in discussing matters during the meeting. Thereafter, the meeting was brought to a close.