

## Minutes of Meeting of the VisitScotland Board held on 24 March 2022 at VS office, Ocean Point (hybrid)

**Present:** John Thurso (Chairman)  
Anne Anderson  
Rebecca Brooks  
Keith Nicholson  
Caroline Roxburgh  
Steven Walker

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

**Minutes:** Carolyn Churchill

### INTRODUCTIONS

1. The Chairman welcomed in-person and remote attendees to the meeting. He noted that the Tourism Minister Ivan McKee had announced the reappointment of Keith Nicholson and Steven Walker to the Board and both members were congratulated. It was noted that recruitment was due to get under way to appoint two more Board members. Ahead of the recruitment, a webinar had been recorded with Changing the Chemistry, which supports organisations to increase diversity on Boards.

### MINUTES OF THE BOARD MEETING HELD 27 JANUARY 2022

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

### CONFLICTS OF INTEREST

3. No conflicts were noted.

### MATTERS ARISING

4. The Director of Corporate Services advised that in relation to Action 36 - Concession Contract for Core Print, legal advice had been sought which confirmed that if there is a strategic decision to end an activity (in this case print), the procurement can be halted. As Management had made such a decision then that is what would happen here. The Board noted that on this basis, the procurement would not proceed.

5. It was noted that all other matters arising were closed, ongoing or covered during today's meeting.

## **CHAIR AND CHIEF EXECUTIVE UPDATE**

6. The Chairman updated the Board on his activity since the previous meeting, including attendance at a Board meeting of the BTA. Other engagements included taking part in the Changing the Chemistry webinar and international interviews. The Chairman had also been interviewed by the Sunday Times for the launch of the Scottish Thistle Awards 2022/23 and this interview had focused on responsible tourism.
7. The Chief Executive gave an overview of work being carried out to deliver funds to tourism and events businesses. It was noted that the timescales have been incredibly tight, but staff have worked hard to ensure the grants are delivered. Management are considering ways to reward staff who were praised for pivoting to complete this work. It was noted that further funding had been secured for a campaign to support events, while partner organisations had received money for visitor management initiatives, including the Better Places fund set up by Nature Scot and the provision of additional rangers through NatureScot, National Parks, and Forestry and Land Scotland. The Chief Executive advised that he was due to meet the Cabinet Secretary for Finance to discuss visitor management over the long term.

### **Action: Management to consider ways in which to reward staff working on funds.**

8. It was noted that the National Strategy for Economic Transformation (NSET) had been published and management were considering the implications on the organisation's strategy and the wider tourism strategy, Outlook 2030. A focus of NSET was on entrepreneurship and it was noted that tourism was an entrepreneurial industry. The Board was advised that NSET, and how it informs the organisation and industry strategies, would form part of discussions at the Board strategy away day in April. It was noted that collaboration across the public sector was key and the organisation already worked well with partners.

### **Action: NSET summary paper to be shared with the Board in advance of strategy away day.**

9. The Chief Executive advised that consumer sentiment was strong and there were signs of business confidence returning. That confidence was not consistent, however, with cities still reporting a more mixed picture.
10. It was noted that there were difficulties in recruitment in certain areas of the organisation, with a high vacancy rate in digital roles. The Board was advised that a review of pay and grading would be held.

### **Action: Review of pay and grading to be conducted by management.**

## **FUNDING SUPPORT UPDATE**

11. The Director of Corporate Services advised that £18.1m had been paid out to businesses so far in the current round. It was noted that many of the schemes are closed but new schemes are still being launched ahead of the 31 March end-of-year. The RAG status of the funds which were reported to the Audit and Risk Committee on 10 March were changing frequently,

reflecting the pace of the work being delivered. The accounting for the funds has been discussed with Audit Scotland. The work carried out to deliver funds was described as exemplary and the Board indicated a wish to write to staff to thank them for their efforts.

**Action: The Board to write to the teams administering funds to thank them for their work.**

## **CORPORATE SERVICES**

12. The Director of Corporate Services spoke to the directorate paper, highlighting that a review had been carried out into cyber security following learnings from the SEPA attack. No red flags were highlighted but actions were identified which were being followed up.
13. It was noted that the Tarbert Loch Fyne property had been sold and the income generated would be reinvested in the old AILLST geographical area (Argyll and Isles, Loch Lomond, Stirling and Trossachs). This was in line with the agreement that was reached when the Area Tourist Boards and VisitScotland merged.
14. The return to offices was discussed. It was noted that as a result of the organisation's flexible approach to recruitment, more people had been recruited with a base in Aberdeen, which currently operates as a managed office facility. Office space in Aberdeen was being increased as a result. It was noted that Glasgow has seen a similar increase in staff and the flexibility in recruitment was helping to bring about a more diverse organisation geographically.
15. While office space at Ocean Point remained the same size, space had been reconfigured to allow for more collaborative workspaces to support hybrid working. It was noted that while working from home allowed for work to be carried out, being in an office could support creativity which was key to many roles and projects. Management are continuing to examine the impacts of hybrid working and how that might inform any estates strategy moving forward.

**Action: Management to monitor impacts of hybrid working.**

16. The situation in Ukraine was discussed and it was noted that the Scottish Government had asked management to advise of any links that would be contrary to the position on sanctions against Russia. Information had been provided to the government as requested.

## **EVENTS**

17. The Director of Events updated the Board on directorate activity, advising that events were returning to business as usual, although ticket sales were soft. The Board was advised that a campaign, funded by the Scottish Government was due to launch shortly to bring confidence back to the events industry following the pandemic.
18. It was noted that Unboxed, which had its launch in Paisley, had been a very successful event launch, delivered well by the team.
19. The Director advised that the Events Industry Advisory Group had met with the new Culture Minister Neil Gray. Scotland the Perfect Stage will be refreshed, with meetings due to take place with the Scottish Government. Business events, culture and sport had been part of a presentation to the recent International Board. This had included details of the policy-driven model for business events.

**Action: Presentation on business, sport and culture events future strategy to be brought to a future Board meeting.**

20. An update was provided on the UCI Cycling World Championships, including the recent visit by the President of the UCI and the announcement of Sir Chris Hoy as an ambassador for the event. The Board was advised of recruitment due to get under way for a new Chair of ARC in support of the Championships and provided with details of sponsorship and commercial opportunities being developed, including a main sponsor.
21. A Scottish Government Gateway Review had recently taken place and initial findings had highlighted a number of areas of risk. The Board was advised that work was under way in each of these areas.

**Action: Findings of the Gateway Review to be shared with the Board.**

22. It was noted that the UCI was monitoring the impact of the actions of Russia on the Championships and was following the approach taken by the International Olympic Committee on teams and athletes from Russia participating in any events.
23. The Director of Events advised that the most recent Board had included a session on risk and there were likely to be changes to the risk profile in the immediate future, with the next six months a critical period for the team delivering the event.
24. The Board was advised that the application to tender for ticketing agent, which was included in papers, was being further reviewed and was being withdrawn from this meeting. Two other applications for tender – for event insurance and event branding agency – were brought for approval, along with the sponsorship agreement and a request for out-of-cycle decisions for the awarding of future contracts and decisions requiring VS Board approval.

**The 2023 Cycling World Championships Main Partner sponsorship agreement was approved by the Board.**

**The Applications to Tender for Event Insurance and Event Branding Agency were approved.**

**The Terms of Reference for the Policy Advisory Group were approved.**

**The request for out-of-cycle decisions to consider the award of future contracts and decisions requiring VS Board approval via email was approved.**

## **INDUSTRY AND DESTINATION DEVELOPMENT**

25. The Director of Industry and Destination Development outlined industry sentiment which is showing optimism as the new season gets under way, mixed with concern over some challenges for businesses. Several industry events had taken place in person in recent weeks and these had been oversubscribed, underlining that sense of optimism. It was noted that responsible tourism was high on the agenda for businesses, destinations and sectors, but there was a growing awareness of the scale of the challenge for some, particularly with the rise in utility costs.
26. It was noted that work was under way on regional strategies and this offered an opportunity for the organisation, which already has a clear regional focus. It was noted that the Rural

Tourism Infrastructure Fund (RTIF) had demonstrated the potential for great success over the past few years – the most recent project, a new pedestrian bridge at Doune, was the latest example.

27. The Board was advised of the launch of the Scottish Thistle Awards 2022/23 which involved, for the first time, a media partnership with News Scotland. Steven Walker, as Chair of the Industry Panel, noted that good progress was being made on the future strategy for the awards, to help ensure their relevance. This work was being undertaken with partners HITA and ACSTA which are responsible for two of the regional awards.

**Action: A presentation on the Scottish Thistle Awards to be delivered at a future Board meeting.**

28. Concerns about discretionary spend, given the economic climate, and the potential impact on tourism were noted. The Board noted that this was linked to the debate around quality versus quantity in the tourism landscape and it was important that activity was designed to harness higher spend levels.

## **MARKETING, DIGITAL AND BRAND SCOTLAND**

29. The Director of Marketing, Digital and Brand outlined marketing activity, noting that this quarter involved significant spend, including additional funds for international demand building and events. In addition, several partnerships were under way, including with Transport Scotland, WestJet, Qatar Airways, Expedia, LNER and ScotRail. The Scotland is Calling campaign is now live and is widespread. Evaluation of last year's domestic campaign had been positive, suggesting good recall, particularly among younger visitors and first-time visitors.
30. It was noted that website traffic had dipped when the conflict in Ukraine had started but it had since risen again. Data provided through a partnership with Expedia was positive, with strong bookings for April. The work with Expedia had driven bookings and also shown that Scotland was receiving a higher share of bed nights than the rest of the UK. This was particularly prevalent in cities and mid-market or 4-star accommodation.
31. It was noted that with the core budget agreed by Scottish Government, work was under way to consider marketing's areas of focus in the next financial year. An "always on" approach was planned and work would continue with Online Travel Agencies, including Expedia. The Board welcomed the approach and the continued focus on partnerships, both domestically and internationally.
32. It was advised that an interim evaluation of some fund-related marketing activity would be carried out in April with a full evaluation to follow at the end of the summer. This was due to top-ups and extensions given in light of the Omicron variant.
33. The Board noted regional partnership work under way and differing approaches in different areas. It was noted that the organisation was well placed to support these and ensure that tourism is considered in regional economic plans.
34. The impact of funds activity on digital projects was discussed. The Board was advised that the visitScotland.com project team had been kept intact and separate from funds. A beta site for visitScotland.com would be in place this year to allow for feedback. Work on marketing

automation was continuing and had already led to improvements in open rates for email programmes. It was advised that research was due to be undertaken on [visitscotland.org](http://visitscotland.org) to help inform the future strategy for the website. It was noted that the corporate website had been a valuable source of support for businesses during the pandemic but work was needed to optimise the site and consider whether it is as relevant for regional strategies and a focus on responsible tourism. This work would be considered and prioritised in the 2022/23 budget round and could then be progressed after funds were closed.

## ARC REPORTS

35. Caroline Roxburgh, Chair of ARC, gave an overview of the response to the conflict in Ukraine, taking into consideration the impact on staff, supply chain and sponsors. It was noted that relevant information had been provided to the Scottish Government.
36. An internal audit had been carried out and it was noted that two control objectives in the recruitment and selection audit had been marked as amber. These related to points of process and the resulting recommendations were being implemented.
37. The Board was updated on the due diligence process around the administration of funds and the outcome of an internal investigation into applications. It was noted that the due diligence was very strong, with appropriate controls in place given the public funds being administered.
38. The external audit plan has been received from Audit Scotland and the Annual Report will follow the same timetable as in 2020/21.
39. Three areas from discussions at ARC were highlighted:
  - i. Grants – these were being well managed ahead of the year-end
  - ii. Cyber resilience – no red flags had been identified during the work carried out to review in light of the SEPA cyber attack but actions were being followed up
  - iii. Health and safety – the breadth of work under way had been commended by ARC

## FINANCIAL PLANNING – INTERIM BUDGET

40. The Director of Corporate Services presented the interim budget to cover Q1 activity from the core budget. It was noted that a flexible approach would need to be taken to allow for any additional costs which may emerge. The Board was advised that the organisation had started to receive some ringfenced monies relating to events from the Scottish Government.
41. It was noted that initial ABCs had been submitted to Finance and a first draft of a workforce plan had been completed. A full budget, based on ABCs, will be brought to the Board in June.

**Action: Full budget to be presented to the Board in June.**

**The interim budget was approved by the Board.**

## FINANCE AND RISK

42. The Director of Corporate Services presented the report and outlined the volume of work ongoing. It was noted that given the volume of work, a separate finance report will be presented at future meetings.

**Action: Finance report to be presented as a standalone item in future agendas.**



43. An overview of the financial performance was given, including the projections for the year-end for both core and ringfenced spend. It was noted that the position was changing day by day due to funds and marketing campaign activity scheduled up until March 31. It was noted that all recovery funds being administered will close on March 31 and any remaining grant monies will be returned to the Scottish Government, who are aware of the likely sum, on a mutually agreed date.

## **POLICIES**

44. Policies for Board approval were uploaded to Huddle in advance of the meeting to allow for review. No queries were raised and the policies were approved.

### **The Board approved the following policies:**

- i. Retirement Policy**
- ii. Staff Long Service & Retirement Awards Policy**

## **PROCUREMENT**

45. The Director of Corporate Services presented the paper, detailing the proposed application to extend contract for books and maps for retail. It was noted that legal advice had been taken on the extension of the contract and this had confirmed an extension could proceed but that the full procurement should get under way as well as a parallel activity.
46. Applications to tender for event and stand management services were presented. This is split into two contracts – one for North America and one for UK and Europe. The contracts would cover design, build and delivery of stands and equipment for exhibitions and tradeshow from 2022 until 2027. It was noted that the proposed approach would allow the potential for the equipment to be considered as a capital asset.
47. The Board was advised that ARC had considered the applications to tender for event and stand management services outwith cycle. Feedback received had included the need to involve the Architecture and Design Board, to revise the Equality Impact section and provide clarity on costing model requested in the application paper. It was advised that all the queries had been addressed in a revised paper. Subject to those changes having been made, the Board approved the applications.

### **The Board approved the following procurements:**

- i. Application to Extend Contract – Books & Maps for Retail**
- ii. Application to Tender – Books & Maps for Retail**
- iii. Application to Tender – Event & Stand Management Services – North America**
- iv. Application to Tender – Event & Stand Management Services – UK & Europe**

## **FACILITIES**

48. The Director of Corporate Services presented a request for approval for the renewal of the lease for the iCentre on Portree. It was noted that although the rent had increased in price, property advisors agreed the rise was not excessive. There had also been recent investment in the iCentre

premises. It was noted that following any Board approval, this request will require to be submitted to the Scottish Government for further approval.

**The Board approved the renewal of the lease for the iCentre in Portree for 10 years, with a lease break in year five.**

## **AOB**

49. The Chairman advised that the strategy away day planned for April would take place in the new Stirling office, with an option to dial in via a hybrid facility. During the strategy away day, Board members will consider the National Strategy for Economic Transformation and responsible tourism.

50. It was further noted that although there was no plan for a full Board meeting in April, there was provision to hold a short Board meeting at the end of the strategy away day to consider any governance issues which required approval.

**Action: Management to provide papers to inform discussion at strategy away day.**

## **CLOSE**

Thereafter, the meeting was brought to a close.