

Minutes of Meeting of the VisitScotland Board held on 9 June 2022 via video conference (Teams)

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

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

Minutes: Freja Fischer-Møller, Carolyn Churchill

Apologies from Rebecca Brooks and Paul Bush (Director of Events)

INTRODUCTIONS

1. The Chairman welcomed the attendees to the virtual meeting. He also welcomed Freja Fischer-Møller, who as Malcolm Roughead's new Executive Assistant will be taking the minutes going forward. He noted that Carolyn Churchill was attending this meeting to support Freja in her new role. And he welcomed Sarah Iversen, who has come back from maternity leave and will be supporting the Chairman and Board.

MINUTES OF THE BOARD MEETING HELD 24 MARCH 2022

2. The minutes of the Board meeting held on 24 March 2022 were approved as a true and accurate record of the meeting.

MINUTES OF THE BOARD MEETING HELD ON 28 APRIL 2022

3. The minutes of the Board meeting held on 28 April 2022 were approved as a true and accurate record of the meeting.

CONFLICTS OF INTEREST

4. Keith Nicholson raised that Cyber Security Scotland, which he chairs, has been appointed independent security advisors to the R&A, with particular reference to The Open Championship.

MATTERS ARISING

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

FINANCIAL PLANNING – 2022/23 ANNUAL BUDGET

6. The Director of Corporate Services presented the Annual Budget 2022-2023. He highlighted that the financial planning and the activities going forward will be aligned with the aims set out in NSET (National Strategy for Economic Transformation). It was noted that this presentation is an allocation of the full budget, and all Activity Business Cases (ABCs) are available online for the Board. It was further advised that approval was being sought for the Opex budget at this time and the Capex budget would be brought back in July.

Action: Capex budget to be brought to the Board for approval in July.

7. The overall position is a break-even budget, with total income and expenditure of £53.59m.
8. It was noted that the biggest individual cost is payroll of £23.9m alongside ABCs supporting the various strategies with a total of £21.1m. The payroll figure includes savings of £992,000. It was noted that although it was a difficult target, a similar level had been achieved in the past. Significant management interventions were being made to ensure this could be met. Should directorates not be able to find the savings required, the spend will need to be reduced at the reforecast.
9. The Board noted the importance of workforce planning to ensure the organisation retains the right skills in the right areas for the future. The Board was advised that the workforce planning was being planned in and activities will be managed in the light of NSET and the Letter of Guidance. Management also advised that all directorates' activity was being considered through the lens of Responsible Tourism.

Action: Letter of Strategic Guidance to be shared with Board once it is received.

10. It was noted that any Approval To Recruit (ATR) which is granted would directly support the organisation's Strategic Framework.
11. The Chief Executive advised that as NSET is a 10-year strategy, it would take time to get a full picture of the impact on VisitScotland's remit.
12. The Board agreed that the two most important areas of focus for VisitScotland were ensuring its staff and digital offering were of the highest quality.

Action: A long-term strategy discussion to contextualise NSET separate to the Board meetings.

The annual budget 2022/23 was approved.

CHAIR UPDATE

13. The Chairman updated the Board on his activities since the previous meeting, including recruitment for the CEO at the BTA and the recruitment for board members at VisitScotland,

both of which are in progress. The Chairman also attended a memorial symposium at Napier University, where responsible tourism played a big part. The Chief Executive was the closing speaker, and on the same topic the Chairman gave a lecture at the QE2 centre organised by University of Lancaster.

CHIEF EXECUTIVE UPDATE

14. The Chief Executive gave an update of the industry. The supply chain in tourism as well as in events is a significant challenge. Due to the current cost of living crisis, the industry will likely face continuing tough times as was the case during the pandemic, with the additional factor that there are no Covid support funds.
15. It was noted that Business Events has succeeded in securing the World Energy Congress to be held in Aberdeen, which is a tangible result of what the organisation can deliver for Scottish Government using its policy-driven model
16. The Chief Executive updated on HR matters. There is a small increase in FTE due to more staff recruited in the iCentres but it was noted that this included more experienced and highly skilled staff brought into these roles. In terms of productivity, it was highlighted that low absence rate is one of the benefits of hybrid working. And it was noted that learning and development will especially focus around digital and IT skills to secure future skills.
17. Following the budget discussion, the Chief Executive noted that VisitScotland's strategy and activities already fit well into NSET, and as work continues to define the delivery of NSET, including in areas like innovation and entrepreneurship, there is an opportunity to influence this understanding and add value to achieving the aims of NSET.

FUNDING SUPPORT UPDATE

18. The Director of Corporate Service informed the Board that work was progressing on the closure of the funding programmes. A closure report will be prepared which will be subject to review and audit. A total of £7.6m was underspent and will be returned to Scottish Government – the majority of which was in the events sector. This was due to less demand than expected for the funds at the time. However, the event industry is still fragile due to supply chain challenges. The Board noted the excellent work which has gone in to administering funding on behalf of the Scottish Government.

CORPORATE SERVICES

19. The Director of Corporate Service gave an update on the cyber resilience desktop exercise that has taken place. Another test is planned later this year which will look at business continuity, with a cyber element.
20. The Board was advised that changes in the Public Climate Change Reporting Duties have been considered and reports will be updated to accommodate these changes. The Board asked about a forthcoming report on the impacts of climate change in tourism and was advised that

it was due imminently. The Director also advised that the Health and Safety policy is being reviewed and will be brought back to the Board.

Action: Responsible Tourism report on the impact of climate change to be presented to the Board once it is complete or prior to the meeting in September. Action: Health and Safety review to be presented to the Board in July.

21. The Director highlighted a small number of vacancies within the procurement department but advised that recruitment is being progressed. This includes recruitment for the Head of Department which is ongoing.

EVENTS

22. It was noted that the Board papers included an update on 'Unboxed'. The Chief Executive and the Director of Corporate Services highlighted that risk management of 'Unboxed' is being carried out. It was noted that the Chief Executive of Unboxed will present an update at the next Audit and Risk Committee (ARC) meeting.

Action: The risk report on Unboxed will be shared with the Board.

23. The Chief Executive advised that regular meetings between VisitScotland and CWC take place to support the project, making sure that it is successfully delivered.

24. It was announced that a new Chair has been recruited for the Audit and Risk Committee at CWC and this is subject to approval by the CWC Board. Following that approval, the VS Board will be asked to approve this appointment.

Action: The approval of CWC Board appointment will be carried out by e-mail and formally recorded at the next Board meeting.

INDUSTRY AND DESTINATION DEVELOPMENT

25. The Director of Industry and Destination spoke to the directorate paper advising that a shorter season is to be expected compared to earlier years, and that the cost-of-living increases may impact the industry. It was also noted that supply meeting demand will be a major challenge, even although demand still is not on pre-Covid level.

26. It was noted that there is a strong recovery in footfall, retail, and ticket sales within the iCentre network partly due to generous spending from international visitors.

27. The Director advised that there is a continuous need to lead on Responsible Tourism, including digital support and product development. VS.org and VS.com will be included in that work.

28. It was noted that a review of 'Taste our Best' is being carried out, along with the STA and Scotland Food & Drink

Action: Management will update the Board on the review of "Taste our Best" at a future Board meeting.

MARKETING, DIGITAL AND BRAND

29. The Director of Marketing, Digital and Brand outlined that insights were showing the effect of the cost-of-living crisis on domestic visitors. International visitors coming out of the pandemic are, on the other hand bigger spenders, which is why growing our share of high-end/ luxury market is a big focus.
30. It was advised that on consumer marketing the Fly Direct campaign has generated high viewing numbers, and partnerships have secured high number of bookings. However, it was noted that smaller budgets in the future will require a focus on fewer strategic markets. The priority for the rest of this year will be on the UK market in order to improve the regional, seasonal spread, alongside targeting the US market as they are high spenders. For the remaining markets focus will be on B2B activities selling Scotland on our behalf, and work will continue with partners to improve those activities.
31. The Director noted that visitscotland.com went through an internal audit and a SG digital review. Only one minor finding was identified in the internal audit. This means that the website can go from Closed to Open Beta. It was advised that in the pipeline there is a strategic review of the website and customer journey regarding booking, customer service via Facebook etc.
32. It was noted that marketing automation as a project has finished and is now considered as part of core business.

Action: An update on marketing automation will be presented to the Board at a future meeting.

33. It was noted that Cycling World Championship is a cross-team project and from a marketing perspective, the focus is to promote Scotland as a cycling destination. A marketing proposition 'Scotland. Made for Cycling' had been developed and the directorate would work closely with IDD on product development as it links very well to Responsible Tourism.
34. It was noted that in terms of media rates in general, VisitScotland uses the SG procurement framework for marketing packages, which is an advantage. However, the development in rates will be monitored and included in the financial planning models.

FINANCIAL AND GOVERNANCE MATTERS

35. The Director of Corporate Services gave an update on the Finance and Risk Report. The interim audit that has taken place since the last Board meeting will result in a positive report that will go to the next ARC. It was noted that the risk register and assurance framework are also being updated.
36. It was noted that the Key Performance Measures Report has been on hold during the pandemic. Management proposed to re-instate these reports with enhancements including summary of performance against NSET and carbon monitoring with effect from July 2022. It was noted that it is important to differentiate between KPIs and milestones and to measure outputs and impacts. The Board was advised that ARC would consider the proposed new Key Performance Measures Report in more detail.
37. The Board was content with the enhancements and welcomed management's proposal.

Action: Performance Reports will be presented at the Board meeting in July.

38. Policies for the Board's formal approval were uploaded to Huddle prior to the meeting to allow members to review in advance. The Board had no further comments.

The Board approved the following policies;

- (I) **Social Media Policy**
- (II) **Revenue Recognition Policy**

AOB

39. The Chairman thanked the Board for holding the meeting via video conference and noted that arrangements for future in-person Board meetings were being made.

40. The Board discussed the format and purpose of future Board meetings. It was suggested that sessions with parts of the wider organisation i.e., presentation from Insights or the Regional Directors were reintroduced. The Board also discussed to what extent future Board meetings should include travel, dinners, and meetings with local businesses. The Board agreed that it is valuable to get around Scotland and meet key stakeholders, but it is also important to balance this with the budget and carbon footprint.

Action: Dates, locations, and format for Board meetings in 2023 to be presented at a future Board meeting.

CLOSE

Thereafter, the meeting was brought to a close.