

## Minutes of Meeting of the VisitScotland Board held on 13 July 2017

**Present:** John Thurso (Chairman)  
Anne Anderson  
Rebecca Brooks  
Cathy Craig  
Steve Dunlop  
Stephen Hagan  
Carolyn Jameson

**By Phone:** Gordon Dewar  
Caroline Roxburgh

**In attendance:** Malcolm Roughead (Chief Executive)  
Merv Brown (Head of Finance)  
Paul Bush (Director of Events)  
Riddell Graham (Director of Partnerships)  
Charlie Smith (Director of Marketing & Digital)  
  
Fiona Hyslop MSP, Cabinet Secretary for Culture,  
Tourism & External Affairs  
Fiona Cook, Head of Tourism, Scottish Government

**Apologies:** Calum Ross

**Minutes:** Lynne Raeside

### PRE-BOARD DISCUSSION

1. The Board convened as the Remuneration Committee to discuss the pay award for the Chief Executive. The Board approved the award.
2. The Board discussed succession planning and agreed that the People Strategy should be a focus of discussion at a forthcoming Board. **Action: People Strategy to be a main agenda item at forthcoming Board meeting.**

### MINUTES OF THE BOARD MEETING HELD ON 8 JUNE 2017

3. The minutes of the Board meeting held on 8 June were confirmed as a true record of the meeting.

## CONFLICTS OF INTEREST

4. Gordon Dewar expressed a conflict regarding the discussion on aviation and agreed that he would not contribute to the budget discussion.

## MATTERS ARISING

### Great Britain Tourism Survey

5. It was reported that discussions have been held with Kantar TNS and a letter will be issued from the VisitBritain Board highlighting the issues around the changeover of platform and the omnibus framework. Issues have been addressed and improvements should be made in terms of quality control.

## BUDGET 2017/18

6. The Chief Executive presented an update on the 2017/18 budget, outlining the shortfall which has arisen as a result of the ERDF funding decision. He explained the process which had been undertaken by the Leadership to address the shortfall, noting that progress has been made but some work is still required to be done.
7. It was clarified that ERDF funding had been directed at enhancing core activity rather than creating brand new activities. The Board discussed the areas where funding might have to be reviewed in order to address the shortfall.
8. The Chief Executive sought views on what the Board might consider to be priority activities. It was suggested that the focus should be on activity that has the highest economic impact, although it was noted that Scottish Government priorities meant that other considerations such as inclusion would also have to be taken into account. Proposed priorities included North America, Europe and emerging markets, including aviation partnership activity.
9. The Board discussed measurement. The Board agreed that the key metric is yield and proposed that the Management Team should use that as guidance to help identify further savings. It was agreed that further analysis would be brought to the September Board. **Action: further detail on the budget to be brought to the September Board.**

## PEOPLE STRATEGY

10. The Chief Executive introduced an update on the People Strategy with a particular focus on the pay and grading review. He explained that there is

little flexibility within the public sector pay framework but that considerable work had been done to explore what could be achieved and a new approach has been developed. This new approach will make VisitScotland more competitive with the rest of the public sector.

11. The Board approved the new pay and grading scheme.

## **BEYOND 2020**

12. The Chairman welcomed the Cabinet Secretary to the meeting and thanked her for her ongoing support of VisitScotland and the tourism industry generally.
13. The Chief Executive introduced a paper updating the Board on the work being carried out to consider 2020 and beyond. He explained that there are five areas of work: (i) positioning Scotland on a global stage; (ii) supporting communities; (iii) investing in communities; (iv) economic narrative; and (v) levers. The economic narrative is in draft format and will provide the basis for all thinking. Once complete, it will help steer discussions on the levers. The work on supporting and investing in communities will be predicated on the data project with Edinburgh University. This is at very initial stages.
14. Moving from the wider strategic development, the Chief Executive discussed the more specific VisitScotland framework. He noted that there is a need to focus on digital and SME support.
15. The Board noted their support for the approach.
16. The Director of Marketing & Digital provided an update on the first strand of activity, position Scotland on a global stage (Project Unlimited). He reported that further development of the creative is underway following testing. Work is also underway to develop the performance framework, with consideration being given to what is measured, e.g. short term discretionary spend, referred business, medium term net economic impact, longer term reputation. He noted that there is significant alignment across Scottish Government and the agencies which has been extremely positive.
17. The Cabinet Secretary welcomed the update, noting that the project is aligned with the Scottish Government's strategy. She noted that cross-Government support will be essential and she agreed to help secure this. She also noted that evidence to support investment will be essential and therefore data will be important. This is particularly important given the decisions being made on the City Deals. The Cabinet Secretary also referred to importance of ensuring that quality and skills are addressed within the strategy.

18. The Director of Marketing and Digital discussed the technology and the related people talent that will underpin the marketing activity. He reported that the partners had been working well and a pitch will be made for additional funding. He explained that there are four key areas – CMS, CRM, automated marketing platform and analytics. Currently there are several CMS which tell the story about Scotland and they don't talk to each other. In six months it should be possible to get to one system which will be much more cost effective.
19. The Cabinet Secretary noted the challenges around budgets but acknowledged that a project which shows cross working and can identify efficiencies would be of interest, particularly where there is a digital focus. She sought clarity around the investment and it was confirmed that this would be for digital infrastructure but also people and skills.
20. The Board noted the update and it was agreed that a fuller update would be brought to the September Board meeting. **Action: Project Unlimited Update to be brought to the September meeting.**

## **EXPO 2017 AND BEYOND**

21. The Director of Marketing and Digital introduced a report updating the Board on the success of Expo 2017. He reported that the event had been extremely successful with the number of appointments and the facilitation between buyers and sellers being the best ever. The experience was much enhanced, including pre-event work and on-site seminars, and it was reported that good levels of business had been conducted.
22. Looking beyond 2017 there is a desire to continue to rotate the event around the country and consideration will be given to the pricing structure to encourage more SMEs to participate.
23. The Board discussed the success of the 2017 event, noting that with a modest increase in investment there had been considerable benefits. It was agreed that Expo should remain a key focus of activity with potential for further investment.
24. It was suggested that for future years consideration should be given to how fam trips could be extended to lesser known areas and to how there could be a greater focus on emerging markets. Future-proofing the event was also discussed to ensure the event remains competitive.

25. The Board discussed rotation. It was noted that there are differing views on rotation. However, rotation aligns with VisitScotland's commitment to inclusive growth.
26. The Board congratulated the team on the success of Expo 2017 and agreed that they would come back to this topic at a future meeting.

## PROPERTY MATTERS

27. The Head of Finance introduced a paper asking the Board to approve the preferred bidder outcome for the disposal of Lochboisdale.
28. The Board gave its approval.

## LETTER OF STRATEGIC GUIDANCE

29. The Chairman invited the Cabinet Secretary to outline her priorities for VisitScotland in line with her Letter of Strategic Guidance. She noted that VisitScotland has the opportunity to align with all four pillars of the Economic Strategy. Inclusive growth is probably the most challenging but there are also significant opportunities around the South of Scotland, the Ayrshires and other rural parts of Scotland. Other challenges include adoption of the living wage and productivity and the Cabinet Secretary asked the Board to consider how VisitScotland might help in these areas.
30. In relation to investment, the Cabinet Secretary suggested that consideration should be given to how VisitScotland might work more closely with the Investment and Innovation Hubs. She noted that work is underway on the International Trade and Investment Strategy and tourism should be part of this. Ongoing investment in events will remain important and consideration should be given to the ongoing pipeline.
31. From an internationalisation perspective, it will be important to ensure that the welcome message remains strong, ensuring that international audiences know that Scotland remains open for business.
32. The Chairman thanked the Cabinet Secretary.

## CHAIRMAN'S REPORT

33. The Chairman introduced a report on his activity since the previous Board meeting. He drew particular attention to the following:
  - a) **VisitBritain:** there are budgetary pressures which could have an impact on delivery of KPIs. This challenge has been recorded in the

minutes of the recent meeting. It was noted that there is an outstanding meeting with the Ministers of the devolved nations and the Cabinet Secretary asked to be briefed in advance of that.

## CHIEF EXECUTIVE'S REPORT

34. The Chief Executive introduced a report updating the Board on activity since the last Board meeting. He drew particular attention to the following:

- a) **Performance Update:** it was noted that the year has started well which will help with evidence based decisions.
- b) **Aviation Activity:** it was noted that United are withdrawing from the Glasgow route over the winter period. Discussions are underway to understand whether this might be reinstated in the future. Air France has also withdrawn from Glasgow.
- c) **Information Centres:** the launch of the Shop Local initiative has been very successful with retail sales increasing.
- d) **TripAdvisor:** although the partnership in its infancy, initial results are promising. Work is underway to develop a baseline. A fuller report will be brought to the September Board meeting. **Action: update on TripAdvisor results to be brought to the September Board meeting.**
- e) **Enterprise Review:** VisitScotland continues to contribute to a number of workstreams as part of the Enterprise Review. The Chair has been appointed to the Implementation Board. The Board discussed the importance of tourism being represented on the full Strategic Board.

35. The Board noted the report.

## HEALTH & SAFETY

36. The Head of Finance introduced the Health and Safety Report. He reported that there have been no RIDDOR incidents and there are no outstanding claims. The Board noted the report.

## AUDIT AND RISK COMMITTEE UPDATE

37. The Chair of the Audit and Risk Committee provided an update following the most recent meeting of the ARC. She drew particular attention to the following:

- a) **Internal Audit Reports:** all recommendations are being actioned. The internal report on the year provided substantial assurance on the operation of the organisation, the strongest assurance possible.
- b) **Internal Control:** the Chief Executive has completed the internal control list and this will be examined by the ARC.
- c) **Year End Reporting Timetable:** results from the financial outturn were shared with the ARC and will be brought to the next Board meeting. The Board will have an opportunity to review the Annual Report and Accounts at the September meeting before they are finalised at the ARC at the end of the month, with a view to formal approval being sought by the Board at its October meeting. The Board confirmed that it was content with the process to date and the process going forward.
- d) **HR Internal Audit:** the report identified two issues, one relating to recording of absenteeism and one relating to performance management reporting. It was noted that these will be addressed by the introduction of the ERP system. The ARC noted that the Management Team is addressing these issues in the interim through a programme of training / coaching of managers.

38. The Board noted the update.

## FINANCE PAPER

39. The Head of Finance introduced the finance paper which provided an update on (i) the pension schemes; (ii) the outturn for the year ending 31 March 2017; (iii) the annual budget for 2017/18; and (iv) the integrated finance and HR system.
40. He reported that a guarantee is in place for all the funds which are part of the LGPS. This is currently being tested in Orkney and if successful will be used as a template. In the meantime, work is underway to secure a position whereby VisitScotland would be treated as an ongoing employer moving forward. The Cabinet Secretary asked to be kept up to date with progress on pension discussions.
41. He reported that the accounts have been closed and will go to Audit Scotland shortly. A balanced budget has been achieved through careful financial management. The pension liability remains unpredictable but that is true for all organisations and actions have been taken to monitor and mitigate associated risks. The Board noted the outturn for the year end and was content to note the other items discussed.

## **KEY PERFORMANCE MEASURES**

42. The Head of Finance introduced a paper updating the Board on performance against key measures. He noted that a new format has been introduced, linking PIDs and risks to the strategies and identifying risk appetite against each. Work is still ongoing to develop the report, e.g. a weighting is still to be applied.
43. The Board approved the direction of travel but agreed that the operational measures should be transferred to the Chief Executive's Report.

## **ANY OTHER BUSINESS**

44. The Director of Events reported on forthcoming discussions with the Ladies European Tour and the European Tour to discuss the Ladies Tour.
45. The Chairman drew attention to the new format of the Communications Report, noting that it was an excellent summary of activity.

## **EUROPEAN TOUR PRESENTATION**

46. The meeting concluded with a presentation from the Chief Executive of the European Tour.