

Minutes of Meeting of the VisitScotland Board Held on 18 July 2019

Present:	John Thurso (Chairman) Anne Anderson Caroline Roxburgh Stephen Hagan Cathy Craig Carolyn Jameson Rebecca Brooks Keith Nicholson (by telephone)
In attendance:	Malcolm Roughead (Chief Executive) Vicki Miller (Director of Marketing, Digital and Global Brand) Riddell Graham (Director of Industry and Destination Development) Michelle Lavery (Financial Analysis Manager) Erica Reid (Board Observer)
Apologies:	Calum Ross Ken Neilson (Director of Corporate Services) Paul Bush (Director of Events)
Minutes:	Gayle Biggart

INTRODUCTIONS

1. The Chairman congratulated Keith Nicholson on his appointment to the Board and welcomed Board members to the meeting. Apologies from Calum Ross, Ken Neilson and Paul Bush were noted.
2. The Board was asked to note that the VisitScotland Staff Conference will be held at the Edinburgh International Conference Centre on 24th October 2019.
3. The Chairman gave an overview of the agenda and items for discussion at today's meeting.

MINUTES OF THE BOARD MEETING HELD ON 6 JUNE 2019

4. The minutes of the Board meeting held on 6 June 2019 were recorded as a true record of the meeting and approved.

CONFLICTS OF INTEREST

5. The Chairman reminded the Board of his interest in the Clan Sinclair application for funding.
6. No other conflicts were noted.

MATTERS ARISING

7. The Chairman noted that most matters were addressed through the agenda for this meeting, however, it was noted that reference to the Delegated Authority document coming to the Board was not included in the Matters Arising list from the Board Meeting held on 6th June.

ACTION: Management to add the Delegated Authority document, together with the Procurement Report which was presented to the Audit and Risk Committee on 27th June, to the Matters Arising list for discussion at a future Board meeting.

ACTION: Management to review the Matters Arising list and remove any items which have now been actioned.

ANNUAL ACCOUNTS

8. It was noted that the draft sections of the annual report had been circulated, including the performance report, accountability report and financial statements. The fully designed version would be circulated in advance of the September Board meeting. The Chairman noted that the September Board meeting would provide an opportunity to discuss and either approve the annual report and financial statements or defer the approval to the October Board meeting if required.

ACTION: Management to circulate fully designed annual report and financial statements to Board members in advance of the September Board meeting.

9. It was noted that last year represented a change in the way in which VisitScotland presented its annual report, moving to a new user-friendly design with dashboards and infographics emphasising VisitScotland's contribution as a driver of economic growth in Scotland. The way in which VisitScotland presents its annual report is still evolving and attention this year will be given to the narrative and the future looking piece included in the annual report.

10. The Chair of the Audit and Risk Committee ('ARC') noted that the ongoing work by internal auditors in relation to assurance was now complete and that the external audit is ongoing. It was further noted that by the time the annual report and financial statements comes back to the Board in September, the external audit will have been completed and discussions with the auditors will have taken place. The Chair of the Audit and Risk Committee advised that management had presented the balance sheet and a summary of areas of judgement and estimate in the accounts to the ARC at the meeting at the end of June but that the content of the draft narrative accompanying the accounts was delivered to the ARC and the Board at the same time.
11. The Financial Analysis Manager gave a presentation providing an overview of the financial statements to the Board. It was noted that there was a balanced outturn for operational and capital expenditure with the net liability status of the organisation as at 31 March 2019 being £27.8m compared to £33.2m in 2018. It was noted that this would likely change given the outcome of the recent McCloud judgement and the requirement to include a provision for the potential liability in the financial statements. Management are currently working with VisitScotland's actuary to obtain an estimate of this liability.
12. The presentation focused on the main balance sheet movements and provided an explanation on the movements which related to:
 - a) non-current assets;
 - b) trade and other payables;
 - c) provisions;
 - d) pension liability; and
 - e) Reserves.
13. There followed a discussion about how the work carried out by VisitScotland over the last year could be detailed within the annual report. It was recommended by the Board that case studies be included within the narrative to highlight the successful work carried out by VisitScotland, including for example, the administration of the Rural Tourism Infrastructure Fund and the South Scotland campaign. Although noting that it is a question of balance, the Board also recommended that consideration be given to including digital links to articles and/or videos in the annual report to further demonstrate the work done by VisitScotland.
14. The Board advised that the tone of the annual report should (i) be ambitious with a focus on the future; (ii) detail what VisitScotland has achieved against the priorities set by Scottish Government; and (iii) document the activity that has been delivered within the budget provided to VisitScotland.

ACTION: Management to update the draft annual report to take account of the Board's recommendations.

15. It was noted that the risk section within the accountability report should be reviewed prior to approving the accounts to ensure that it represents the risk profile of the organisation at the time the accounts are signed.

ACTION: Management to ensure the accountability report is updated to reflect the risk profile of the organisation at the time the annual report is signed.

16. The Board thanked the Financial Analysis Manager and the Chair of the Audit and Risk Committee for the work undertaken throughout the year.

FINANCIAL & GOVERNANCE MATTERS

ARC Report & Minutes

17. The Chair of the Audit and Risk Committee summarised the assurances that had been provided to and reviewed by the ARC to ensure that appropriate control processes are in place to support year end reporting e.g. risk management, assurances and the internal control checklist. It was noted that the highest level of assurance had been provided by Scott-Moncrieff in their Annual Audit Report opinion.
18. The Chairman congratulated Management on this result.
19. It was further noted that good feedback had been received following the ERP, iCentre and Solheim Cup audits. It was noted that management was preparing a response to the points raised in SM's report on Brand Scotland in advance of the next ARC meeting to address the fact that overall responsibility of Brand Scotland sits with Scottish Government not VisitScotland.
20. The Chair of the Audit and Risk Committee noted that there had not been time to hear a detailed presentation at the June meeting on the visitscotland.com project and the risk register associated with this project, but that assurance had been provided by Management. Management advised that the visitscotland.com project was to be one of the first projects audited in accordance with the new Digital First Service Standard.
21. It was noted that a presentation by the Head of HR at the June ARC meeting had provided the ARC with comfort that sufficient controls have been embedded into the new HR system and that there are additional functionalities within the new system which the HR team are investigating.

22. There was a discussion around the receipt of hospitality by Board members and it was noted that the Gifts & Hospitality Policy is currently being reviewed prior to forwarding a copy to the Board for comment/approval. The Chairman advised that both he and Management should be made aware of any hospitality invites that Board members receive so that Board members can remove themselves from the decision-making process if a company that offered hospitality has tendered for VisitScotland work.

ACTION: Gifts & Hospitality policy to be brought to the Board at a future meeting.

ACTION: Management to include a list of bidders within Board papers.

Scenario Planning

23. The Financial Analysis Manager gave a presentation on the scenario planning which has been undertaken by Management. It was noted that the main budget pressure related to payroll. Scenario planning has been carried out to consider the implication of (a) a flat core budget; (b) a reduction of 5% on the core budget; and (c) an increase of 5% on the core budget. It was acknowledged that a flat budget would result in an overall cut to VisitScotland's budget due to continual payroll pressures.
24. It was noted that the Scottish Government was looking for an evidenced based submission covering the next 5-year period with a focus on wellbeing, social inclusion, economy and climate change.
25. The Board advised that Management also consider planning for a 10% reduction/increase in core budget and share with Scottish Government what the impact of a reduced budget for VisitScotland would mean.

ACTION: Management to consider the implications of a 10% reduction in core budget.

Good to Great to World Class

26. The Chief Executive provided an update on the work which has been undertaken under this strategic pillar to date following which there was a wide-ranging discussion by the Board.
27. It was noted that the first Management meeting had taken place to consider the current VisitScotland framework and that the second Management meeting was due to take place on Monday 22nd July. It was noted that following these meetings, Management will bring a paper to the Board in the Autumn for further discussion.

28. The Board endorsed the work undertaken by Management so far.

ACTION: Management to bring a Good to Great to World Class paper to the Board for discussion at a Board Meeting in the Autumn.

Procurement

29. The Board was invited to review and consider the following:

- a) Application for Tender – Media Planning & Buying; and
- b) Approval to Award Contract for iCentre Design & Build.

30. It was noted that the Audit and Risk Committee were comfortable with the proposal to make the call-off arrangements under the Media Planning, Buying and Associated Framework currently being procured by Scottish Government subject to a mini-competition tender process, and **the Board endorsed this approach.**

31. It was noted that the Audit and Risk Committee was satisfied that appropriate procurement procedures had been followed in relation to the contract for iCentre Design & Build and **the Board approved the contract award.**

Policy Application/Review

32. The Chairman reiterated that all policies are the responsibility of the Board and that this responsibility cannot be delegated. It was noted that not every policy could be scrutinised at Board level and that the Board would rely on the ARC and the Leadership Group to provide pre-approval for certain policies. All pre-approved policies should be provided to the Board within the Board papers for final approval.

33. It was noted that the full list of VisitScotland policies should come to the Board to determine the route which each policy must go through. Thereafter, the full list of policies should be provided to the Board once a year for review and confirmation of the route for approval.

ACTION: Full list of VisitScotland policies to be provided to the Board and a note to review this list once a year to be added to the forward planner for Board meetings.

34. It was noted that in the Policy Allocation/Review paper which was included in the Board papers should be amended so that the table set out on page 2 is headed “pre-approval at ARC” rather than “approval at ARC”.

ACTION: Management to convey the message that all policies must be approved by the Board to staff and ensure that any policy going to the ARC or Leadership Group is for pre-approval rather than approval, before the policy is passed to the Board.

35. It was also noted that the Data Protection policy should be provided to the Board for approval.

ACTION: provide the Board with a copy of the Data Protection policy for approval.

FINANCE REPORT

36. It was noted that written confirmation from VisitScotland's sponsor team of changes to be made to VisitScotland's 19/20 budget following the spending review was still awaited.

ACTION: Management to consider who will be responsible for accounting for the proposed changes.

37. It was noted that the timetable on page 2 of the Finance Report should be updated to note that the signing of the Annual Report and Financial Statements could take place at the October Board Meeting if necessary.

38. It was noted that (i) a guarantee from the UK and Scottish Governments is now in place to underwrite VisitBritain's and VisitScotland's participation in the BTB pension fund; (ii) a sectionalised Scheme has now been established with the necessary Deed of Amendment executed; and (iii) the necessary contribution rates agreed for the next 3 years.

KEY PERFORMANCE MEASURES

39. There was a discussion around the PIDs which had been identified as having an amber year to date and year end status. The paper presented to the Board was noted.

ACTION: Management to arrange training on the scoring of risk for line managers.

CHIEF EXECUTIVES REPORT

40. The Chief Executive introduced a report on activity since the previous Board meeting. He drew particular attention to the following:
- a) **Scottish Open** – it was noted that there had been a record attendance at the recent Scottish Open with 66,864 attending the event;
 - b) **Solheim Cup** – work is continuing to boost ticket sales and the flash audits have now been completed with no immediate issues being noted;
 - c) **Sector Deal** – a summary of the Sector Deal was provided to the meeting, it was noted that the deal was good news for the industry;
 - d) **Staff Conference** – the key themes of the Staff Conference were noted as being sustainability and wellbeing with the Future Leaders Group being given an opportunity to present on the work they have undertaken. The role of the Board will be to host tables and present the Staff Awards;

- e) **Economic Impact Numbers** – the numbers have now been provided by the Insight Team – **ACTION: Management to send these numbers to the Board next week;**
- f) **UCI** – an update on the potential mechanism for delivering the event was provided – **ACTION – more detailed discussion to take place at a future Board meeting once the principle has been established.**

41. There was a discussion around the points which should be included in VisitScotland's response to the letter of Strategic Guidance issued by Scottish Government. The Board recommended that the response be positive, highlight what VisitScotland has delivered in the past and provide reassurance it can be done again.

ACTION: Management to respond to the letter of Strategic Guidance delivered by Scottish Government.

42. The Board noted the report.

CHAIRMAN'S REPORT

42. The Chairman provided an update on his activity since the previous Board meeting.

43. The Chairman drew particular attention to the Launch of the Fife Pilgrim Way and the speech he gave at the Tourism Alliance Conference.

44. The Board noted the report.

PAPERS FOR NOTING

45. The following papers were circulated for noting:

- a) Solheim Cup Update
- b) Events Directorate Performance Report
- c) Insight Department Tourism Statistics Update
- d) Communications and PR Report
- e) Corporate Services – Operations Update
 - It was noted that the ARC had requested a presentation from the Data Governance and Security Group later in the year.
ACTION: Cyber Resilience plans to be presented to the Board at a future meeting
- f) Schedule of Forthcoming Activity

CLOSE

46. There being no other business, the Chairman declared the meeting closed.