

Minutes of Meeting of the VisitScotland Board held on 21 July 2022 in Ocean Point and video conference (Teams)

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

In attendance: Malcom Roughead (Chief Executive)
Paul Bush (Director of Events)
Ken Neilson (Director of Corporate Services)
Vicki Miller (Director of Marketing, Digital and Brand)
Lyn Donnelly, Senior Responsible Tourism Manager (for agenda item 4 only)
Michelle Lavery, Head of Corporate Governance and Performance (for agenda item 5 only)

Minutes: Freja Fischer-Møller

Apologies from Rob Dickson (Director of Industry and Destination Development)

INTRODUCTIONS

1. The Chairman welcomed the attendees to the in-person and virtual meeting.

MINUTES OF THE BOARD MEETING HELD 9 JUNE 2022

2. The minutes of the Board meeting held on 9 June 2022 were approved as a true and accurate record of the meeting.

CONFLICTS OF INTEREST

3. No conflicts of interest were raised.

MATTERS ARISING

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

GAELIC LANGUAGE PLAN

5. The Senior Responsible Tourism Manager presented the draft of VisitScotland's fourth iteration of the Gaelic Language Plan, detailing its purpose and content. She highlighted the progress that had already been made and how VisitScotland intended to continue collaborating with Bord na Gàidhlig and other bodies in delivering on initiatives to protect our cultural heritage and to increase the use and learning of Gaelic as well as to promote a positive image of Gaelic.
6. Measurement and criteria of success were discussed, and it was noted that the commitments in the Gaelic Language Plan sought to be ambitious yet realistic in a landscape of budget constraints. An example of a required compromise was the translation service, where an executive summary of the annual budget report was being translated instead of the full report, reflecting the level of engagement with the report.
7. The Board supported the suggested direction of travel and advised that broadening the partnership activity and promoting Gaelic culture could be a more effective use of resources than translations.
8. It was further noted that publication expected to be in September 2022.

Action: An update on progress with the commitments in the Gaelic Language Plan to be given at a future Board Meeting (June or July).

The Gaelic Language Plan 2022-2027 was approved.

ANNUAL REPORT AND FINANCIAL STATEMENT DESIGN

9. The Head of Corporate Governance and Performance presented the outline of the design for the 2022/23 Annual Report and Financial Statements. It was noted that since 2017/18 management had significantly changed this report, taking on feedback from the Board, ARC and Audit Scotland to ensure that it was user friendly and that it reflected what VisitScotland had achieved within the year.
10. It was further noted that this year management had considered the recommendations from Audit Scotland, reviewing its good practice note on improving quality of central government annual report and accounts. This would mean highlighting key projects rather than outlining every activity in the framework. Clutter, length, cross-referencing, sufficient explanation, a fair and balanced review of performance, as well as appropriate level of aggregation were some of the themes that were considered for improvement.
11. Other enhancements included use of infographics to capture metrics from other activities, signposting where possible to reports published on the website for further information, reducing duplication and ensuring a consistent tone. It was noted that Audit Scotland's presentation of its own annual report on its website was an exemplar of good practice.
12. The Board supported the direction of the report and advised that the period of April 2021 to March 2022 was being reflected – a period in which VisitScotland was pivoting between activities that were already planned and new commitments that the Scottish Government

asked VisitScotland to take on. It was noted that the narrative should include the agility VisitScotland had shown during the pandemic, and at the same time present the areas where delivery of other work was delayed as a result of that shift of resource and focus.

13. It was further advised that the strategic decision and continuous investment in skilled staff and IT capabilities should be included in the annual report.
14. It was noted that the Letter of Strategic Guidance opened an opportunity for VisitScotland to reposition itself. An example of this was Responsible Tourism which is now a core value to VisitScotland and no longer only a 'built on' project.
15. It was also noted that the benefits and learnings from enhanced partnership with the industry should be included in the report.
16. It was advised that the draft design, with suggested highlighted activities, was available on Huddle for further feedback from the Board, and the timeline for the ongoing work was presented.

Action: Link on Scottish Government's guidance on accessibility to be sent to the Board members and directors by Keith Nicholson.

Action: Feedback on the draft annual report and financial statement design from the Board until close of business on 28th July 2022.

CHAIR UPDATE

17. The Chairman updated the Board on his activities since the previous meeting, including speaking at a symposium at the Centre of Culture, Sports and Events (CCSE) at University of the West of Scotland, where there was a lot of interest in responsible tourism. He highlighted a keynote speech for around 400 attendees at the Institute of Hospitality, where he spoke about responsible tourism, skills and staff.
18. It was noted that the Chairman had attended several meetings regarding the National Strategy for Economic Transformation (NSET), one of which was Cabinet Secretary for Finance and the Economy Kate Forbes, who met with all the Chairs of the agencies. There was an appreciation of what VisitScotland had delivered and it was noted that this recognition was welcome as VisitScotland continues to support future planning and the delivery of NSET.
19. The Chairman noted that he was on the panel to select the new Chair of the BTA with interviews expected to be held in September. The BTA Board has formally appointed Patricia Yates as CEO at the BTA.
20. It was further noted that the recruitment to the Board of VisitScotland has been finalised with two appointments recommended to and approved by the Minister.

CHIEF EXECUTIVE UPDATE

21. The Chief Executive gave an update of the business events and industry. The 150th Open went very well, as well as other successful events. Labour shortage is still a challenge for the industry, and it is difficult to meet the demand. Macroeconomic factors such as rising fuel prices and inflation are causing further pressure. It was noted that discussions were under way to assess

ways in which the labour shortage issues could be tackled. It was noted that without improvement to the current situation, there could be significant reputational damage. Management were continuing to investigate ways to support.

22. It was further noted that a number of regions were looking at their 2030 tourism strategies. Work is also in progress to consider the establishment of an industry leadership group, which would be a successor to STERG. This would build on the momentum of STERG and move it into an industry leadership group to keep alignment with the overarching strategy, Scotland Outlook 2030.
23. The Chief Executive updated on HR matters, highlighting that during the last months the organisation had experienced some level of disruption due to a high number of covid cases among staff, and that the organisation is adapting to the situation.
24. The Chief Executive then gave an update on the Letter of Strategic Guidance, which is seen as a bridge from the current covid recovery into NSET, outlining how VisitScotland can support the economic recovery over the next 10-year period. It was noted that it was also an opportunity to report back to the Tourism Minister on some of VisitScotland's tangible KPIs.
25. It was noted that work is ongoing to measure the success of the outcomes set in the Letter of Guidance, and how they can be linked to VisitScotland's contribution to NSET. It was further advised that delivery would be assessed against the current budget constraints.
26. The Board was content with the direction of travel, noting the difference between KPIs, outcomes and metrics and outlining how and when to report on them as discussed at a previous Board Meeting.

Action: KPIs on the priorities within the Letter of Strategic Guidance to be presented at the Board meeting in September.

CORPORATE SERVICES

27. The Director of Corporate Service gave an update on a cyber incident which happened in June and was classed as a 'false positive'. The alert was investigated, appropriate measures were carried out, and no further concerns had been identified. It was noted that a report will be submitted to the Audit and Risk Committee.
28. An update on the SCRM migration to the Cloud was given. It was noted that a new grant management system is being investigated, as the Caspio system that was used to manage grants during the pandemic, is coming to an end. It was noted that the Audit and Risk Committee agreed with the proposal the current Caspio system for another 12 months, in case future covid grants need to be handled, and until a new system is in place.
29. It was further noted that ongoing transformation of VisitScotland's systems to cloud-based software has been successful, but there is still significant on-premises infrastructure including the datacentre located in Ocean Point, which currently is a blocker to moving VisitScotland's main office into new premises.
30. The Director updated on the sustainability activities within the organisation including a tender regarding carbon consultants and various staff initiatives to reduce emission levels.

31. Finally, a Covid activity update was given. It was noted that management has kept the cleaning regimes in place in the offices and iCentres and will make sure that face masks are available to all staff members.

EVENTS

32. The Director of Events gave an update on events. It was noted that there has been a further increase in activity, but that Covid has resulted in cancellations – especially concerts. It was noted that the rail strike did not have as disruptive impact on activities as anticipated. However, staff shortage is a significant challenge. The 150th Open had gone very well with 293,000 attendees, and was a good B2B opportunity for VisitScotland with 400 guests during the four days. The economic impact of the golf event was expected to be approximately £150 million.
33. The Board congratulated the team for their tremendous achievement on the 150th Open event.
34. The Director also updated the Board on the process of Eurovision, where there are ongoing discussions with Aberdeen and Glasgow as potential host cities.
35. It was noted that Davis Cup and Billie Jean King Cup tennis were secured for Glasgow, as well as an international climbing event.
36. It was further noted that the Dandelion festival is progressing well, with 156 events with around 55,000 attendees. Preparations were under way for the culmination in September with the Harvest Festival.
37. It was noted that funding to the Winter Festivals is now in place however funding for the Clans Fund has not been approved by Scottish Government. It was noted that there is a risk of reputational damage as a result, but the directorate is looking into how it is communicated and managed.
38. The Director advised that the independent director and chair of Audit and Risk Committee for 2023 Cycling World Championship (CWC) was appointed at the CWC Board meeting of 16 June 2022 and to be approved by the VisitScotland Board at this meeting.

The appointment of David Cameron as independent director and chair of Audit and Risk Committee for 2023 Cycling World Championship was approved.

39. A Revenue and Income Policy has been uploaded to Huddle for the Board's approval. The policy encapsulates the proposed accounting treatment under IFRS15 and IAS20 for all Commercial Revenue. The policy has been considered by the CWC Audit and Risk Committee and the CWC Board, which recommended approval.

Application to Tender for fleet vehicle supplier was approved.

40. It was advised that to finalise the tender process regarding road race, where two of Spokes tenders were outstanding, a complete end-to-end package has been proposed. It was noted that the Application to Tender Spoke is going through the CWC Board for approval.

Action: Application to Tender Spoke to be sent via email to the Board for approval after CWC Board approval.

41. The levels of responses to tenders were discussed, taking into account the potential risk to delivery. It was noted that management is working closely with the CWC management on some innovative solutions to face the supply challenge – sponsorships being one option.

INDUSTRY AND DESTINATION DEVELOPMENT

42. The Chief Executive presented the IDD update, highlighting that investment continues in some areas, with some good additions to the overall stock – Virgin Hotels being an example of that.
43. It was noted that the delivery of some of the projects under the Rural Tourism Infrastructure Fund (RTIF) has been negatively impacted by the rise in costs. An increase up to 40 per cent means that some of the projects cannot go ahead.
44. It was noted that visitor management campaign is live, with themes like wildfires and cold swimming, and feedback has been positive. The ranger service has been increased, which was funded by the Better Place Fund managed by NatureScot, creating great success, and it is hoped that funding could be increased next year to continue this success.
45. It was further noted that the EV chargepoint fund has proved to be very popular with so far 23 grant offers for a total value of £50,588 to cover 29 charge points. With additional 170 applications it is anticipated that the available funding of £325,000 will be allocated in the near future.
46. And finally, it was mentioned that considerable work continues around regional economic partnerships, including considering what role VisitScotland can play in terms of leadership and support to industry.

MARKETING, DIGITAL AND BRAND

47. The Director of Marketing, Digital and Brand gave a report on the campaign results for Scotland is Calling, which was funded by Scottish Government, and Fly Direct campaign, which was funded by Transport Scotland. It was noted that a deeper evaluation on the impacts will be carried out.
48. It was advised that regarding domestic activity, focus would be on how to extend the season and support industry for autumn and winter. According to the UK tracker results, consumer intention to take a whole day break before winter is less than in 2021. In response, VisitScotland has started to work closely with CalMac on specific routes to promote the islands.
49. It was further noted that collaboration with the city destination organisations is ongoing to promote cities, exploring interest in activities like the Covid recovery initiative Days Out.
50. The Director reported on the international marketing campaigns. Due to budgets, paid-for activity will focus on North America. The intermediary marketing strategy is being reviewed, making sure that the people resources are directed in the right places. It was noted that there is demand for luxury and high end, especially from America, but with limited products and supply challenges, there is a risk of reputational damage to the brand Scotland.
51. It was advised that in the light of the supply challenges, care would need to be taken in interpreting data. It was further noted that the flight connectivity is not back to a pre-pandemic level.
52. It was noted that a meeting has been held with Transport Scotland around aviation and route development, and there are ringfenced funds to support new routes over the next five years.
53. An update on digital projects was given, highlighting that vs.com is progressing into Open beta. User research on the vs.org site is being carried out to understand industry's needs better. The

directorate had also started an online booking distribution project to gain knowledge about what consumers want when visiting VisitScotland.com as well as understanding industry's expectations and looking at efficiencies.

54. It was announced that VisitScotland had won an award for the best digital support, and was potentially up for another World Media Award as a recognition of Responsible Tourism.

Action: A deeper discussion on marketing data and insight at a future Board meeting in 2022.

ARC MATTERS

55. The Chair of the Audit and Risk Committee gave an update on matters discussed at the latest ARC meeting. She noted that positive progress with the annual report and in terms of risk control, compliance, processing, and the delivery machines.
56. It was noted that there had been two incidences of fraud regarding grants and cash procurement fraud, both of which had been evaluated by internal auditors. The detection and response process were seen as effective and reduced the overall exposure to the organisation.
57. It was further noted that the Audit and Risk Committee had spent time examining the risk profiles of Dandelion and CWC, and the concerns have already been covered earlier in this Board meeting.

LONGTERM FINANCE AND WORKFORCE PLAN

58. The Director of Corporate Services presented the long-term finance and workforce plan.
59. It was noted that it is both an introduction to what the organisation has delivered, but also highlights what can happen if no action is taken, ranking from best case to worst case scenarios. At the next Board meeting business cases will be presented including several options on specific areas of work. The potential impact on staff was noted and management are working to consider this.
60. It was noted by the Board that the long-term finance and workforce plan is a critical piece of work and it was acknowledged that there were difficult decisions to be made.
61. The relationship between staff and level of skills was discussed, including how that fits into the Scottish Government's ambition of a wellbeing economy.
62. It was discussed whether the fall in income from 2009 was as a result of reducing iCentres.
63. It was noted that the option of commercialising the visitScotland.com website and some of the data that VisitScotland possesses had been and is being explored, without a positive outcome at this stage.
64. It was emphasised that with the financial challenges, going forward the Board will be asked to set the strategic direction, and management will present the financial implications of that, including what activities / part of activities could stop altogether.
65. It was further noted that the Board Away Day in 2023 will include an important discussion about what type of organisation VisitScotland could evolve into. One example cited was Tourism Vancouver Island, which has turned into a social enterprise.

2022/23 CAPITAL BUDGET

66. The Director of Corporate Services presented the capital budget for 2022/2023, which is currently £5.3 million in total - £3 million in ringfenced funds and £2.3 million to general capital activities - for the Board's approval.
67. It was noted that Data Observatory was a STERG project and had been funded through the Scottish Government's Tourism Recovery Programme. This proposed allocation will allow further development of the Data Observatory.
68. It was further advised that a new payroll system is needed, and different options are being explored, one of which is Oracle.
69. Other activities included facilities, IT upgrades and websites development.

The capital budget 2022/2023 was approved.

PROCUREMENT

70. The Director of Corporate Finance presented the procurement matters. It was noted that after Board approval in May 2022 of an application to tender for the provision of Event and Stand Management Services for North America and UK & Europe, two open tender procedures were conducted. Two proposals for North America and five proposals for UK & Europe were received.

Award of Contract for Event and Stand Management Services (North America) to The Rocket Group approved.

Award of Contract for Event and Stand Management Services (UK & Europe) to The Rocket Group approved.

POLICY

71. The Director of Corporate Services gave an update on policy approval process. It was noted that the policies were presented at this meeting, uploaded on Huddle for comments between meeting and formal approval would be sought at the Board meeting in September:
 - i) Health and Safety Policy
 - ii) CWC Revenue & Income Policy (see 39 above)
 - iii) Menopause Policy
 - iv) Learning and Development Policy

FINANCIAL AND BUSINESS PERFORMANCE REPORT

72. The Director of Corporate Services presented the Financial and Business Performance Report as agreed to be reinstated at the Board meeting in June.
73. It was noted that this was a first draft with the new enhancements structured around sections such as organisational performance, review of the various ABCs performance highlighting

amber or red activities for the Board's consideration and a finance report which shows the organisation's current financial position on the strategic pillars level and risk assessment.

74. It was further noted that the KPI section was still being developed, as well as the carbon monitoring, which is a new measurement.
75. The Board expressed their appreciation on the work put into the report and agreed on the presented structure.

FINANCE PAPER

76. The Director of Corporate Services gave an update on external audit as Audit Scotland completed the interim audit for 2021/22 and had reported to ARC in June 2022.
77. He then advised on the timetable for the Annual Report and Financial Statements 2021/2022, as well as the process of V3 budget for CWC.
78. It was further noted that following the Scottish Government's recent spending review, VisitScotland had been asked to deliver a two per cent reduction to the core Grant in Aid in the current financial year.

Action: An update on options to deliver the reduction to be presented by management at a future Board meeting.

AOB

The next Board meeting is on 15 September at Ocean Point.

CLOSE

Thereafter, the meeting was brought to a close.