

Minutes of Meeting of the VisitScotland Board held on 7 December in City Chambers, Edinburgh and via video conference (Teams)

Present: John Thurso (Chair)
Barbara Smith
Caroline Roxburgh
Keith Nicholson
Paul Easto
Steven Walker
Shona Marsh

In attendance: Malcolm Roughead (Chief Executive)
Ken Neilson (Director of Corporate Services)
Paul Bush (Director of Events)
Rob Dickson (Director of Industry and Destination Development)
Vicki Miller (Director of Marketing and Digital)
Lynn Jack (Head of HR) for item 4 only
Michelle Lavery (Head of Corporate Governance and Performance) for item
5 only
Marie Christie (Head of Development – Events) for item 8 only
Rebecca Edser (Head of Events) for item 8 only

Minutes: Freja Fischer-Møller

Apologies: Cara Aitchison

INTRODUCTIONS

1. The Chair welcomed the attendees to the hybrid meeting and extended a warm welcome to the new Board members Barbara Smith and Cara Aitchison, who were appointed on 1 December 2023. He advised that Lindsey Paterson will join the VisitScotland Board on 1 January 2024.

MINUTES OF THE BOARD MEETING HELD 26 OCTOBER 2023

2. The minutes of the Board meeting held on 26 October 2023 were approved as a true and accurate record of the meeting.

CONFLICTS OF INTEREST

3. It was noted that the new Board members need to complete a register of interest. No conflicts of interest were raised at this meeting.

MATTERS ARISING

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

STAFF SURVEY

5. The Head of Human Resources presented the actions undertaken since the 2022 Staff Survey results were discussed at the Board meeting in March 2023.
6. It was noted that 87% of the workforce responded to the survey, and results and developments have been compared to both 2020 and 2018, as the period of Covid-19 in some ways is seen as an outlier.
7. Five areas had been identified as organisation-wide priorities, and these survey areas have been the centre of discussion in VisitScotland's representative staff group: Career progression, Change management, Connectivity, Office usage / development of office estate, Visibility of leaders.
8. It was noted that several projects were being developed to further enhance engagement levels including the change management and workforce planning to meet the demands for the change programme.
9. The Board discussed staff awareness of overall rewards and benefits, and it was noted that the level of awareness, engagement and use of benefits is considered high.
10. The Board supported the development of the hybrid working and the right to disconnect policies.
11. There was a discussion around the impact of voluntary redundancy, however uptake of this has not been high, and negative impact of reduced resource has therefore been minimal.
12. Pension matters were discussed. It was noted that pension values have gone down.
13. The Board expressed its appreciation for the HR reporting in the CEO report.

The Board noted the update.

ANNUAL REPORT & FINANCIAL STATEMENTS

14. The Director of Corporate Services introduced the annual report and financial statements pack.
15. The Head of Corporate Governance and Performance presented the Group Annual Report and Financial Statements, which included the results of 2023 UCI Cycling Worlds Championships Ltd.
16. Management has incorporated the feedback and suggestions provided by the Board, ARC and Scottish Government earlier in the year.
17. It was noted that Audit Scotland has expressed an unmodified audit opinion on the Group Annual Report and Financial Statements for the year ended 31 March 2023.

18. Audit Scotland has noted that VisitScotland has operated within its fiscal resources with an underspend of £1.5m relating to ring-fenced funding. This was due to the successful Dandelion project, which was delivered below budget.
19. The Chair of the Audit and Risk Committee summarised the work of the Committee. She explained the assurance received from both internal and external audit and outlined the procedures that had been undertaken in considering the content of the ARA and in discharging the responsibilities of both the Accountable Officer and the Board members. These are set out in detail in the Committee's annual report to the Board which is included in these Board papers.
20. It was reported that VisitScotland has the highest level of assurance from our internal auditors over our systems of internal control, risk management, governance and value for money. It was further noted that the internal control checklist for VisitScotland and CWC had been completed satisfactorily.
21. It was further noted that the Internal Control checklist had been completed.
22. Separate audit and certificate of assurance for 2023 UCI Cycling World Championships Ltd. have been completed.
23. The audit findings from the external audit were discussed, and management will incorporate the learnings going forward. The Board noted the recommendations around VisitScotland's internal controls and assurances over service organisations like third party assessments for Oracle.
24. It was noted that the external audit report is clean and there are limited recommendations arising from the work of AuditScotland. All recommendations made in prior years have been addressed and closed.
25. The Chair thanked the team and the wider organisation for the effort put into the report.
26. The board considered the final ARA and it was noted that a new section on Scottish Government's objectives for their National Strategy for Economic Transformation (NSET) has been included in VisitScotland's annual report.
27. It was further highlighted that VisitScotland's sustainability report set a very positive example. The Chair of ARC concluded her report, and recommended that the ARA be approved by the Board, and that the Chief Executive as Accountable Officer sign the certificate of assurance and submit the ARA to Scottish Government.

The Annual Report and Financial Statements were approved by the Board.

CHAIR AND CHIEF EXECUTIVE UPDATE

28. The Chair provided an update on his activities since the previous Board meeting highlighting the Scottish Thistle Awards National Final, which took place in Glasgow on 1 December and the British Tourist Authority Board meeting on 5 December.
29. He further advised that the recruitment for a Chair was in the final stages.
30. The Chief Executive gave his update to the Board, highlighting that although costs of living and doing business cause real challenges, the demand for Scotland is strong. The strong reputation was also seen in the many awards won this season.

31. The Board was updated on the latest complaints. It was noted that there is a general need to see the will for real change to battle the climate crisis. There was a discussion around the paradox of consumer intention and actions, and how VisitScotland could improve information on sustainable options for visitors.
32. A brief update was given on the implementation of the pay award backdated to 1 April 2023.
33. The Board was then updated on the change programme, including roles and responsibilities, external stakeholder mapping and a high-level timeline for strategic communication and engagement. It was noted that the pace of implementation depends on the Scottish Government's Budget announcement, which is expected on 19 December 2023.
34. It was noted that an overarching Strategic Change Programme Team has been established to ensure progress on the workstreams, which the Board approved at its meeting in October. It was further noted that the Project Leads are working on the Terms of Reference documents, that will identify wider resource requirements, which will be appointed from January 2024. It was noted that VisitScotland is already recruiting project management and business analyst resource.

Action: Management to provide a briefing to the Board on the Scottish Government's Budget announcement 2024/25.

CORPORATE SERVICES REPORT

35. The Director of Corporate Services spoke to the directorate paper.
36. It was noted that the data centre project has been successfully completed with the data centre in Ocean Point decommissioned and infrastructure migrated to the Cloud. The Board expressed its thanks for this accomplishment.
37. An update was given on the relocation of the Edinburgh office to Waverley Court.
38. The Board was informed about the final stages of the project closure for 2023 UCI Cycling World Championships Ltd including the finance and procurement assistance, and it was noted that some of the major risks had been closed.
39. The Board was advised that the legalisation and regulation report was approved by Audit and Risk Committee, which management will report against in the future.
40. The Fair Work First Grant Conditionality was discussed. It was noted that there is a distinction between procurement and grants. VisitScotland has received some exemptions requests from Local Authorities regarding funding applications, where they were not yet compliant in paying their Modern Apprentices the real Living Wage. It was noted that VisitScotland received a letter from the Deputy Director for Fair Work and Labour, which acknowledged that in the early stages of the implementation grant recipients may not immediately be able to comply. It was noted that management would keep a record of all exemptions.
41. The Board recognised the effort that was put into the Annual Cyber Report, that was positively received by the Audit and Risk Committee at its meeting in November.
42. The Board was updated on an incident with trademark infringement, and the mitigating actions taken to reduce fraud were discussed.

The Board noted the Corporate Services report.

EVENTS

43. The Director of Events informed the Board about recent and upcoming events including Paisley Halloween, Host City Conference, Thistle Awards and PGA show in Orlando in January.
44. An update on the project closure of 2023 UCI Cycling Worlds Championships was given highlighting the awards won. It was further noted that the Gateway Review passed successfully, and some useful learnings carried forward.
45. The Board was advised that the dissolution process is progressing positively including the debriefing and final expenditure negotiations with the Union Cycliste Internationale. It was further noted that the economic outcome report by Ernst & Young is expected to be released on 7 February 2024.
46. The National Events Strategy was presented to the Board. It was stressed that this was a revision of the strategy and not a re-write.
47. It was noted that the national level of ambition is key in order to sustain and grow the event sector, and that a constructive regulatory context for events could ensure a smoother delivery.
48. The Board was advised that the strategy revision progress had been very positive with a consultation with strong input from partners and stakeholders.
49. The Board supported the direction of travel for the event strategy and stressed the importance of measuring and monitoring the sustainability impact of the events.
50. The absence of funding for the Winter Festivals and Clan Funds was discussed as the impact of the events was significantly positive.

The Board noted the report.

INDUSTRY AND DESTINATION DEVELOPMENT

51. The Director of Industry and Destination Development provided an overview of recent industry activity including an update on regulatory issues. It was noted that VisitScotland had taken a proactive approach for the communication of the impact of Short-term Let legislation.
52. It was further noted that the Visitor Levy work was progressing in a pace and manner which will enable VisitScotland to consider and influence the implementation of it.
53. The Board was advised that there is strong progress on the regional economic partnership work, especially Edinburgh and Southeast where four projects are being developed for future funding, with VisitScotland leading this work. It was noted that future Board reports on Industry and Destination development will include a deep dive on each of the regions.
54. Management advised that a draft of the Gaelic Strategy will be presented to the Board in January.

The Board noted the report.

MARKETING, DIGITAL AND BRAND SCOTLAND REPORT

55. The Director of Marketing and Digital spoke to the Marketing report, updating the Board on recent and planned activities.
56. It was noted that the collaboration with Expedia has been beneficial, using data to understand the consumers in the market and how to build demand. Bookings from North America from October to December have been strong, and data on Scotland's overall performance shows year-on-year growth, however not back to the high levels of 2019.
57. It was further noted that tour operators have found some issues working with Scotland. Barriers such as capacity were discussed, as they are not seen to the same extent in England, but also issues with the supply chain remain challenging.

The Board noted the report.

Action: A paper on barriers and consumer perception to be presented to the Board.

FINANCIAL AND BUSINESS PERFORMANCE REPORT

58. The Director of Corporate Services presented the Financial and Business Performance report.
59. The ABCs with RAG of amber were discussed and the mitigating actions were presented to the Board. It was noted that no ABCs have a RAG financial status of amber. The total ABC spend to date is 48% of total forecast, and the total payroll spend to date is 54% of total forecast.
60. It was further noted that there will be a positive impact on VisitScotland's carbon spend due to the closure of Ocean Point and the reduction of legacy systems.
61. A discussion was held on how the organisational performance should be measured against the strategic pillars in the future.

The Board noted the report.

CORPORATE PLAN

62. The Director of Corporate Services presented the first full draft of the Corporate Plan, and an update on the process was given.
63. The Board was advised that feedback would be incorporated in a second draft, and that the final draft of the Corporate Plan would be presented to the Board at its meeting in March.
64. It was further advised that the project team will commence work on the three-year Corporate Plan engaging across the organisation, as soon as the 2024/25 plan has been published.

The Board noted the Corporate Plan update.

AUDIT AND RISK UPDATE

65. The Chair of the Audit and Risk Committee gave an update noting that the Terms of Reference had been reviewed and a small number of changes had been made to align with the language being used by Scottish Government Audit Committee Handbook.

The Audit and Risk Committee's Terms of Reference were approved by the Board.

66. It was also noted that current work is undertaken on the governance for the dissolution of 2023 UCI Cycling World Championships (CWC), which means that the Board directors of CWC are stepping down in summer 2024.
67. It was further discussed that VisitScotland publishes minutes of Board meetings on visitscotland.org but does not publish Board papers. The Board considered the option of publishing the papers and decided to continue with the current set-up.

POLICIES

68. The Director of Corporate Services presented the policies for the Board's approval:
- Information Security Policy
 - Subsidy Control Policy?

The policies were approved by the Board.

69. It was noted that the following policies are revisions considered by VisitScotland's Leadership Group or ARC, and the Board was asked to consider these between this Board meeting and the next:
- Anti Criminal Finance Policy
 - Health and Safety Policy
 - Risk Policy
 - Disciplinary
 - Grievance
 - Capability
70. It was further noted that the Generative AI policy is new and will be presented for approval at the Board meeting in January. Management advised that the policy was reviewed by ARC due to its nature.

EXECUTIVE FRAMEWORK

71. The Director of Corporate Services updated the Board on the revision of the Executive Framework. This document outlines the key roles and responsibilities between VisitScotland and Scottish Government.
72. It was noted that the Executive Framework should be reviewed every 2-3 years, and the Board were asked to consider the draft before approval at its meeting in January.

The Board noted the update.

AOB

73. No other business was raised. The next meeting will be held on 25 January with the location to be confirmed. The Chair took the opportunity to wish the Board and Management a Merry Christmas.

CLOSE

Thereafter, the meeting was brought to a close.