

## **Minutes of Meeting of the VisitScotland Board held on 9 December 2021 at Novotel Edinburgh Park (hybrid)**

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

**In attendance:** Malcolm Roughead (Chief Executive)  
Vicki Miller (Director of Marketing, Digital and Brand)  
Rob Dickson (Director of Industry and Destination Development)  
Ken Neilson (Director of Corporate Services)  
Paul Bush (Director of Events)  
Carolyn Churchill (Head of Corporate Communications)  
Michelle Lavery (Head of Corporate Governance and Performance) – For item 4 only  
Marie Christie (Head of Development - Events) – For item 5 only  
Miriam Nelken (Festival 2022 Programme Manager) – For item 5 only  
Angus Farquhar (Creative Director, Dandelion) – For item 5 only  
Neil Butler (Festivals & Events Director, Dandelion) – For item 5 only  
Jenny Howard-Coombes (Executive Director, Dandelion) – For item 5 only

**Minutes:** Kelly Sinclair

### **INTRODUCTIONS**

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

### **MINUTES OF THE BOARD MEETING HELD 28 OCTOBER 2021**

2. The minutes of the Board meeting held on 28 October 2021 were approved as a true and accurate record of the meeting.

### **CONFLICTS OF INTEREST**

3. No conflicts were noted.

### **MATTERS ARISING**

4. It was noted that matters arising were closed or would be covered during today's meeting.

## ANNUAL ACCOUNTS & FINANCIAL STATEMENTS

5. The Director of Corporate Services confirmed the 20/21 Group accounts, combining VisitScotland and 2023 Cycling World Championships (2023 Cycling Worlds) results, were now complete and Board approval was sought. It was noted the 2023 Cycling Worlds subsidiary accounts had been approved by their own Board and submitted to Companies House.
6. The Head of Corporate Governance and Performance was invited to summarise the annual accounts package and began by confirming the internal auditor opinion was that the organisation has, since 2014/15, retained the highest level of assurance. It was also noted the internal audit report did not identify any significant findings.
7. The Board was advised AuditScotland had been working on the external audit since September and its opinion on the annual report and accounts is unmodified. Three significant findings were identified within AuditScotland's report and highlighted to the Board. (i) An accrual for unspent 2023 Cycling Worlds funding originally recognised under IFRS 15 which, following discussions between Management and 2023 Cycling Worlds auditors, was corrected to IAS 20. The impact on the VisitScotland Group Statement of Comprehensive Net Expenditure was to decrease 2023 Cycling Worlds income and expenditure by £2.2 million. It was noted that as a Government grant, this was not performance income. (ii) During the audit process, VisitScotland was in discussions with the Scottish Government (SG) regarding the allocation of funds across a number of business support funds. In the unaudited report this was accrued as expenditure, but ultimately SG requested that funds be returned. The financial statements were adjusted to remove £2.8 million expenditure and accrual. (iii) The final issue related to the remuneration and staff report which noted the Fair Pay Disclosure was incomplete and working papers had not been calculated in line with the requirements of the 20/21 Government's Financial Reporting Manual. The median and ratio figures were subsequently corrected from £29,457 to and £30,216 and 5.29 and 5.38 respectively for this financial year. In conclusion, all findings were accepted by Management and resolved in the final reports and accounts.
8. The Internal Control Checklist and Certificate of Assurance was issued as part of the information pack. It was noted that the Internal Control Checklist had been reviewed by Management, the Leadership Group and the Audit and Risk Committee (ARC) as well as the Internal Auditors.
9. The Board was advised that Board and ARC feedback to the draft Annual Report and Accounts circulated in September had been incorporated into the final version. Updates highlighted included the additional narrative on strategy added to the Key Performance Indicators section. The interventions table was updated to show the eight highest achieving KPIs. Graphics were used within Risk Management and Control to better illustrate scoring movement and proximity charts. The Board was also asked to note the addition of the consolidated adjustments column within the Group Outturn section.

10. The Chair of the ARC provided a closing statement, beginning by stating this reporting period had not been business as usual. She highlighted the team were faced with many firsts including the production of Group Accounts and the shift to hybrid working. The quality of internal and external works was commended as well as the response to the business support funds which had been handled well. It was noted the reporting processes worked well, providing good diligence, strong assurance and greater certainty. The Board was recommended to approve the Annual Accounts.
11. Board feedback was the Accounts package was an excellent piece of work with an appropriate tone and that results should be celebrated under the particularly challenging circumstances of the pandemic. Members thanked the ARC for their input, noting the governance processes in place worked well.

## **The Board approved 20/21 Annual Report and Financial Statements**

### **CHAIR AND CHIEF EXECUTIVE UPDATE**

12. The Chairman provided an update on his activities since the previous Board meeting, noting most events continued to be virtual. The virtual format meant he was able to be involved in the 150<sup>th</sup> St. Andrew's Society of Winnipeg celebrations without travelling to Canada. He had also attended two COP26 events in person, adding these had been enjoyable and interesting. It was noted that there had been no VisitBritain Board since the last meeting, but one was due to be held the following week.
13. The Chief Executive opened with a reminder that SG would publish its budget for 2022/23 today (09/12/21) with early information indicating VisitScotland's core grant would return to pre-Covid levels.
14. Reference was made to the new Omicron strain of COVID-19 and its continuing impact on tourism, especially international travel. The UK market had helped but it was noted that even though attractions may appear to be busy, this was not a true reflection of the overall state of the industry.
15. The Board was advised that SG would announce a new 10-year National Strategy for Economic Transformation in January. The Chief Executive advised that the organisation would consider any implications, but VisitScotland was in a good place to approach framework requirements.
16. It was noted that delivery of COP26 in Scotland had been exceptionally well executed and thanks were given to those across the organisation who were involved. The success of the event demonstrated Scotland's potential to host more events on an international stage. The Chief Executive confirmed research into appetite, governance and ability to deliver on this was now underway and would be presented to the SG International Board. Although plans were encouraged, the Board advised the need to approach these future opportunities strategically to ensure resources, skillset and support meet demand.

17. The Board raised questions around how the organisation views the current factors surrounding industry support. It was noted that it was a complex picture, mainly due to the limited availability of funds. Another challenge was how to allocate support, with choices to be made on whether business support should be issued generically or selected dependant on need. It was noted there were also varying regional and community impacts to consider. The Board thanked Management for the helpful feedback and acknowledged these issues were Europe-wide.

## **UNBOXED: THE DANDELION PROJECT**

18. The Director of Events welcomed two internal and three external representatives to the meeting to deliver a presentation to the Board on the Dandelion Project - Scotland's contribution to the UNBOXED: Creativity in the UK (UNBOXED) programme commissioned by VisitScotland on behalf of SG.
19. The Head of Development (Events) opened with a brief overview of the UNBOXED celebration, highlighting launch information, government funding and VisitScotland's involvement. It was noted the programme focused on creativity and collaborative working which would help aid sector recovery and engagement. The Festival 2022 Programme Manager continued with details of the six UNBOXED in Scotland projects including touring dates and locations.
20. Leading representatives from Dandelion provided the Board with a broad overview of the project including background, aims and objectives. Details were shared of the six various programmes they will be hosting across rural and urban areas of Scotland from April to September 2022. All of these programmes are focused on growing, sharing, and celebrating food, music and ideas in the community.
21. The Board thanked the Dandelion team and expressed support for the project, stating the concept was interesting and an innovative way to encourage sustainability. The application of governance was raised and Dandelion's Executive Director confirmed this was supported via a good working relationship with VisitScotland's, Events and Finance teams. She noted financial due diligence had been undertaken and highlighted a potential resource risk avoided in the early stages of the project. Management added that the Head of Corporate Governance and Performance attends Dandelion meetings on behalf of VisitScotland.
22. The Board queried how the team planned to publicise and attract interest in the event. The Festivals & Events Director confirmed connections with others involved in similar projects and links with a network of people and groups similarly enthusiastic and passionate about the concept helped targeting and reach. VisitScotland's Head of Development (Events) added that the organisation had a working group in place supporting Dandelion on aspects such as industry engagement and connecting the team to relevant people across the organisation. It was also noted lessons learned from Themed Years had been applied.

## EVENTS REPORT

23. The Director of Events spoke to the events report, opening with a reminder the 2023 Cycling World Championships (2023 Cycling Worlds) were only 20 months away. The Board was made aware of a red marker on the RAG status due to recruitment challenges across several areas. Plans to resolve issue/risk were discussed including redeployment of Group staff on a nonexclusive basis. The update also advised members that the 2023 Cycling Worlds contracts were proceeding well.
24. The Board was asked to approve the 2023 Cycling Worlds Sponsorship policy. Discussions resulted in the decision that this should, if possible, be adapted to a Group policy therefore the policy was not approved.

**Action: Management to consider changing 2023 Cycling Worlds Sponsorship Policy to a Group Policy.**

## INDUSTRY AND DESTINATION DEVELOPMENT

25. The Director of Industry and Destination Development provided an overview of IDD activity since the October meeting, and post COP26. The Board was advised that the Responsible Tourism Strategy would be brought to the March meeting. Members were given a regional update which highlighted that performance across all sectors and regions continues to be mixed. It was noted cities were nervous about how current and possible new restrictions would affect Hogmanay trading.
26. The Board was updated on the reinstatement of the Quality Assurance (QA) scheme which had been paused throughout the period of Covid. It was advised work was underway with a plan to reintroduce membership fees at beginning of the 22/23 financial year. It was noted that revised QA evolution proposals would address the increased consumer demand for reassurance on cleanliness and Covid safety, by enhancing the cleanliness criteria within QA. It was noted that this was an important factor, considering the proposed closure of the Good to Go scheme at the end of 2021.
27. With regards route development, it was noted that during airline meetings at the October World Routes convention in Milan, feedback on a network return in 2022 was encouraging.
28. The Board agreed it was appropriate to reinstate the QA service and that assurance guidelines would need to adapt to a post-Covid environment. The Director of Corporate Services confirmed a review on the sales price and the potential of a phased implementation of billing the QA service was in progress and would consider where the organisation can add value. It was advised a paper on relating operational decisions would be brought to the Board in the new year.

**Action: Paper on operational decisions surrounding QA services to be brought to future Board.**

## **MARKETING, DIGITAL AND BRAND SCOTLAND**

29. The Director of Marketing, Digital and Brand highlighted the new report format which had clearer layout and incorporated graphics. Current market activity was discussed, noting international travel, although still lower than pre-pandemic levels, had been consistent.
30. The update on the global 'Scotland is Calling' campaign launched in September included global media, distribution channel and B2B partnerships figures. Strong results have been achieved so far thanks to strategic and consistent targeting. It was noted travel restrictions are being reviewed and partnerships with flexibility would be targeted.
31. The Board was informed the beta phase of the new [visitscotland.com](https://www.visitscotland.com) site would close in the new year and that progress has been made on the marketing automation project, a functionality tool which would focus on tailoring user content. A timeline indicating funding and campaign activity for the upcoming quarter was provided for information.
32. Board feedback was positive with members acknowledging ongoing sector uncertainty and testing requirements continued to be a challenge. Discussions led to competitor activity, including evidence that other European countries, such as Ireland and Austria, were using high quality marketing. It was noted that going forward the organisation must tactically navigate the market to gain visitors and economic benefit.

## **CORPORATE SERVICES**

33. The Director of Corporate Services began the update by detailing cyber resilience works and advising that the organisation was continuing to make progress with improvements to security controls in line with SG cyber security framework.
34. An overview of other key activities within the Corporate Services Directorate was provided including 2022 ARC planning and the progress of the business continuity report. It was noted that due to ongoing government advice the return to office plans had been paused. The Board was also advised three Health and Safety mandatory modules went live in December and these new and improved modules offered guidance on Fire Safety incorporating Electrical safety, Manual Handling and Display Screen Equipment. A brief update on the ongoing implementation of Fair Work First in Scottish Public Procurement was also discussed.
35. The Board was content with update and no further queries were raised.

## **ARC UPDATE AND TERMS OF REFERENCE**

36. The Chair of the ARC spoke to the papers and updated the Board on the most recent ARC meeting. It was noted that the interim Chair of the 2023 Cycling World Championships ARC had attended the most recent meeting. Other activity highlighted included completion of the internal audit and ongoing discussions surrounding learnings from the Scottish Environment Protection Agency (SEPA) cyber-attack in December 2020. The Director of Corporate Services confirmed a detailed analysis of the lessons learned from the SEPA attack, including actions for VisitScotland, had begun and findings would be presented at the March ARC.

37. The Board was asked to approve the revised Terms of Reference (TOR) for the ARC. It was noted that only a small number of amendments had been made from the previous version therefore no significant changes to report. The Board approved the TOR.

**Terms of Reference for the ARC were approved by the Board.**

## **FINANCE AND RISK**

38. The Finance and Risk papers, which included a financial performance overview, were taken as read. Management confirmed the STERG project was being reviewed monthly and that the Leadership Group continued to be involved.
39. The Board was advised the organisation is currently reviewing how it monitors risk and that an update will be brought to a future meeting.
40. Two significant risk increases were highlighted, the first being if VS does not make the case for tourism in the SG budget rounds and there is a reduced SG budget allocation, would VS activities require to be re-examined and activities dropped/delayed or reduced in scale. The second increase was a risk linked to legacy operating IT and Digital systems. It was noted that where there are platforms without provider support, the organisation and its systems can be vulnerable with regards to cyber security and left without sufficient expertise in the event of a major system issue.
41. The item ended with confirmation of the successful closure of the Office 365 project, and an update that subsequent lessons learned works has been undertaken. In addition, it was noted the Stakeholder CRM was on track to be completed in the next month.

## **POLICIES**

42. Policies for Board approval were uploaded to Huddle prior to the meeting to allow members to review in advance. During approval discussions, a query was raised on whether safeguarding had been considered regarding the Trans policy. This would ensure the organisation mitigated risk and upheld duty of care responsibilities. Management confirmed this had been discussed by the policy holders and full details would be fed back to the Board.

**Action : Management to feedback to Board on policy holder safeguarding discussions regarding the Trans policy.**

**The Board approved the following policies;**

- (i) Pension Policy – Summary and Glossary**
- (ii) Subsidy Control**
- (iii) Procurement**
- (iv) Trans**

## **BUSINESS SUPPORT GRANT UPDATE**

43. The Board was provided with an overview and progress to date on the Phase 2 funds programme. Additionally, with minimal new information to share on funding, the Chairman suggested this be removed as a continuous agenda item.

## **AOB**

44. The Board discussed the format of the January meeting and it was suggested this be fully virtual due to continued high COVID-19 figures and the potential for bad weather. The Chairman closed the final Board meeting of 2021 by acknowledging it has been yet another tough year and expressing gratitude for all the hard work done across the organisation.

## **CLOSE**

Thereafter, the meeting was brought to a close.