

Minutes of Meeting of the VisitScotland Board held on 15 September 2022 in Ocean Point and via video conference (Teams)

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

In attendance: Malcolm Roughead (Chief Executive)
Ken Neilson (Director of Corporate Services)
Rob Dickson (Director of Industry and Destination Development)
Paul Bush (Director of Events) (for agenda item 1-8)
Trudy Lindblade (Chief Executive – UCI Cycling World Championship) (for agenda item 4 only)

Minutes: Freja Fischer-Møller

Apologies from Vicki Miller (Director of Marketing and Digital)

INTRODUCTIONS

1. The Chairman welcomed the attendees to the hybrid meeting and introduced the two new Board members, Shona Marsh and Paul Easto.
2. The Chairman thanked VisitScotland staff for the smooth and successful contribution to Operation Unicorn. The Board then observed a minute's silence to honour Her Majesty the Queen.
3. The Chairman noted two changes to the agenda – the regional director presentation was pushed to a later meeting, and item 15 to be the first of the Financial and Governance matters.

MINUTES OF THE BOARD MEETING HELD 21 JULY 2022

4. The minutes of the Board meeting held on 21 July 2022 were approved as a true and accurate record of the meeting.

CONFLICTS OF INTEREST

5. No conflicts of interest were raised.

MATTERS ARISING

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

CYCLING WORLDS UPDATE

7. An update on budget and procurement was given by the Director of Events and the Chief Executive at UCI Cycling World Championship. The Board was advised that significant effort had been put into finding solutions to the budget and procurement challenges. A positive direction of travel for the final preparations over the next 11 months highlighted that:
 - A flagship sponsorship agreement under way. Other sponsor engagement and commercial activities are progressing well.
 - Monthly in-person meetings with the UCI international federation have been set up in order to tackle some of the delivery requirements within the budget mitigations.
 - The launch of the volunteer programme has been successful, and the competition schedule is now live, so it is possible to see dates for the various events.
8. It was advised that the current budget review showed a deficit of £2.4m, which included £3.7m of cost reducing actions which have still to be delivered. This was seen as the minimum achievable without any material impact on the scope of the event. Issues such as inflation, contingency provision for unanticipated issues, Glasgow budget and commercial income could all add to the deficit.
9. UCI Cycling World Championships Cabinet meeting chaired by Angus Robertson was held on 7 September. The Director of Events presented the recommendations agreed at the Cycling Worlds Cabinet emphasising the continued support to the project, that planning for the event should continue in compliance with the scope agreed, and that the Underwrite Agreement between VisitScotland and Scottish Government could be called upon for financial assurance.
10. The Board was reassured that the CWC management would continue to drive cost efficiencies to minimise the deficit.
11. It was further noted that some risks on the operational delivery have been identified. Tenders were in process and up for discussion and risk assessment. On VisitScotland Audit and Risk Committee meeting on 1 September these challenges were examined, and there had been discussions with the UCI around what areas to reduce and still be able to deliver a minimum viable product within the host agreement.

Action: V4 budget to be presented to the Board meeting in February 2023.

EVENTS

12. The Director of Events gave an update on events. It was noted that the withdrawal of funds to the Clans and Historical Figures Fund and the Winter Festivals was a concern for the event industry and VisitScotland's work on responsible tourism. It was discussed whether potential sponsors could fund some of the Winter Festival activities.

13. The Board was advised that the Terms of Reference for the review of *Scotland the Perfect Stage* had been drafted. The national event strategy will be updated with an expected launch by summer 2023.
14. It was noted that the golf season had been very successful and with record attendances.
15. The Dandelion programme culminated this quarter. Due to earlier discussions on reputational risk, the outputs would be measured against the original scope and specifications. Some initial figures were very positive but there had been challenges to the project.

Action: A review of Dandelion to be presented at the Board meeting in October 2022.

16. The Board was advised that the Thistle Awards was progressing well. VisitScotland's role had made a positive difference and the media coverage had been appreciated.

Action: A review on Thistle Awards to be presented at a later Board meeting.

17. The Director gave an update on LIV Golf. Currently no tournaments were planned in Scotland, and no discussions had been undertaken with LIV and currently none were envisaged.
18. VisitScotland's contribution to the golf programme in the light of Scottish Government's National Strategy for Economic Transformation (NSET) and VisitScotland's longer term financial planning was discussed.
19. The Board was advised that the business event activities are operating successfully. The World Energy Council Executive Assembly & Energy Trilemma Summit in Aberdeen in October, and an embargoed win for Glasgow of a 7,000 delegates conference in 2026 are good examples of the Policy Driven Model in action.

VISITSCOTLAND'S KEY PERFORMANCE INDICATORS

20. The Chief Executive presented the key performance indicators, metrics, and outcomes developed as a response to the ministerial letter of Strategic Guidance. It was noted that these were not to be seen as the full set of operational KPIs giving a complete report on VisitScotland's performance.
21. The Chief Executive advised to focus not only on KPIs but to broaden the objectives focusing on outcomes with a 3-year horizon in order to bridge the way into the ambitions of NSET.
22. It was noted that NSET was seen as an opportunity for VisitScotland to deliver on a number of things on behalf of Scottish Government but depending on future budgets VisitScotland could be forced to re-assess some activity.
23. The objectives on accessible tourism, responsible tourism, and the link to the net zero strategy were discussed.
24. There was a discussion around reduction of Gender Pay Gap and the ambition to target the gender disparity within the organisation. It was noted that the gap was mainly caused by more females being employed seasonally and/or part-time.
25. The Board was advised that the management would work on KPIs for Brand Scotland as soon as the Brand Scotland plan from Scottish Government has been presented.
26. The benefit of the use of SMART metrics in KPI reporting was noted. It was advised to reframe a number of the presented metrics as action points.

27. The Board supported the direction of travel for the performance report to the minister.

Action: Management to amend and incorporate to the financial report.

CHAIR AND CHIEF EXECUTIVE UPDATE

28. The Chairman updated the Board on his activities since the previous meeting. This included an interview with BBC Scotland for Disclosure Scotland on EV charging points to be broadcast in October.
29. The Chairman had also taken part in the interview process for the Chair of the British Tourist Authority.
30. The Chief Executive continued with the Executive Summary, highlighting challenges with the costs of doing business. The Board was advised that visitor numbers were recovering but that expenditure by UK visitors were lower than in previous years due to rising living costs.
31. It was noted that the decision not to fund the Winter Festival programme added to the challenge of being an all-year-round destination.
32. It was further noted that STERG's proposal for a £26m phase two recovery fund to support the industry had not yet been given the go-ahead.
33. The Board was advised that the UK and North America markets were the most promising and as a result a lot of work had been put into business cases on new routes from North America with Transport Scotland.

CORPORATE SERVICES REPORT

34. The Director of Corporate Services spoke to the directorate paper, highlighting the Annual Cyber Resilience Report 2022 which had been reviewed by the Audit and Risk Committee in September. The Chair of the Audit and Risk Committee expressed her appreciation on the Cyber Resilience presentation.
35. It was noted that one tender for the Cycling World Championships had to retender as no responses were received during the initial exercise, which had included suppliers being invited to engage in open Q&A sessions.
36. The Board was advised that Fair Work First was included in tenders, and that management would investigate how it could be embedded within the KPI's on Fair Work.

Action: Management to include supply chain in KPIs on Fair Work practices

37. Resourcing within Corporate Services in the light of future demands was discussed. It was noted the interactions between CWC and VisitScotland in the Procurement and Finance teams put pressure on resources. The Board was advised that a new Head of Procurement had been recruited and an assistant procurement manager is being recruited to get the team back up to minimum desired capacity.
38. The Board expressed its support in ensuring enough resources within Corporate Services.

INDUSTRY AND DESTINATION DEVELOPMENT

39. The Director of Industry and Destination Development outlined industry sentiment, which showed clear pressures on businesses due to inflation and rising costs. Planned reductions in working days and winter closures were highlighted as the two highest risks.
40. It was noted that the enterprise agencies, Skills Development Scotland and VisitScotland would coordinate and report to Scottish Government on business support, and frequent meetings were being held with Scottish Enterprise, who leads the business support partnership.
41. The Board was advised that regarding responsible tourism the Destination Net Zero plan has been finished outlining what the agencies and VisitScotland need to do to support the tourism industry with their transition to net zero. The work ahead was to reach an agreement on implementation across the agencies.
42. The concern for businesses not being able to deliver on the sustainability goals in NSET, and the outstanding translation into tangible actions was discussed.

Action: Findings on climate change, risks, and opportunities to be presented at the Board meeting in October.

Action: Discussions on responsible tourism to be continued at the Board's strategy awayday.

43. The Director also updated the Board on the new cross departmental working group and their product and service development in cycling tourism in line with the new Outdoor Scotland strategy and Outlook 2030.
44. The reputational risk to cycling tourism due to the challenges on infrastructure, transport, and accommodation was discussed. It was noted that this challenge also was on the agenda for the Convention of South of Scotland.

MARKETING, DIGITAL AND BRAND SCOTLAND REPORT

45. The Board noted the Marketing, Digital and Brand update.
46. It was advised that management could look at markets like Germany and Switzerland in the current inflationary environment.

ARC MATTERS

47. The chair of the Audit and Risk Committee gave an update on ARC matters. The Audit and Risk Committee Meetings and terms of reference were explained to the new Board members.
48. An internal audit report had been carried out showing several CWC items marked as 'red', the remaining marked as 'amber'. It was further noted that questions regarding budget, deliverability and resources were discussed at the ARC meeting held on 1 September 2022.
49. The new chair of Audit and Risk Committee at CWC, David Cameron, attended VisitScotland's ARC meeting for the first time, and the Board was advised that he will be supporting the mitigating actions according to the risk profiles.
50. It was noted that Dandelion was coming to an end. The Board was updated on changes around lead finance personnel which had been made.

Action: The Board to be updated on the Internal Audit on Dandelion at a future Board meeting.

51. It was noted that the draft annual report for VisitScotland had been delayed due to the resource pressure with the Finance department. ARC had a follow-up meeting on 14 September discussing the draft annual report, and the Chair of ARC appreciated the amount of work that had been put into it. The external audit was under way and will be finished before the final approval of the annual report in December.

Action: Draft annual report to be presented at the Board Meeting in October.

Action: An update on Cyber resilience to be given at a later Board Meeting.

PROCUREMENT – Books and Maps

52. The Director of Corporate Services presented the procurement matters. It was noted that an application to tender for the provision of Books and Maps for Retail had gone through an ‘Open’ tender procedure. Four tenders were submitted and evaluated.

53. The Audit and Risk Committee had reviewed the procurement process and was content with the recommendation.

The Board approved the Award of Contract for Books and Maps for Retail.

FINANCIAL PLANNING

54. The Director of Corporate Services presented the proposed changes from the 2022/23 reforecast as well as a list of longer-term saving options to address the funding gap.

55. It was noted that this year’s budget pressure came from reduced Grant in Aid, and an increase in pay award to support staff with rising living costs. In addition, the salary saving target, which was included in the original budget, still had to be reached.

56. The Board was advised that the presented budget changes covered a total of £1.56m, and recruitment decisions were being closely scrutinised to help achieve salary savings.

57. It was noted that the expected settlement on pay would benefit mid-range staff, which is positive from a retention strategy perspective.

58. The Chairman informed the Board he had responded to the Ministerial Letter of Strategic Guidance and had invited the minister to attend a Board meeting.

59. It was advised that Scottish Tourism Alliance remained keen to secure the funding for STERG’s phase two recovery projects).

Action: The response from the Chairman to the Minister to be circulated.

The Board approved the presented budget reductions.

60. The medium to long term financial planning was then further discussed. It was emphasised that the options document presented should not be seen as a strategy for the organisation, but an overview of potential implications for change.

Action: An updated options document to be presented at the Board Meeting in December.

POLICIES

61. Policies for Board approval were uploaded to Huddle in advance of the meeting to allow for review. No queries were raised, and the policies were approved.

The Board approved the following policies:

- i. Health and Safety Policy**
- ii. CWC Revenue & Income Policy**
- iii. Menopause Policy**
- iv. Learning and Development Policy**

Following policies were made available on Huddle for formal approval in October:

- i. Parental Leave policy
- ii. Paternity Leave policy

FINANCIAL AND BUSINESS PERFORMANCE REPORT

62. The Director of Corporate Services presented the Financial and Business Performance Report, updating on the further enhanced content that the Board approved at the meeting in July.
63. It was noted that the Supplementary Paper included all activities at 'amber' or 'red' RAG status to give a more detailed update on the issues within these activities.
64. It was advised that the business continuity planning included learnings from the pandemic, so improvements regarding VisitScotland's response team and ability to handle a crisis were reflected in the different scenarios. It was further noted that the final debriefing regarding Operation Unicorn had taken place on Wednesday 14 September, which included useful learnings for future crisis management.

AOB

65. The Chairman advised that the dates for next year's Board meeting were in place. The next Board meeting will be held on 27 October at Ocean Point.
66. It was noted that the strategic awayday will take place earlier than April 2023, and that the attendance of the minister at a future Board meeting was yet to be confirmed.
67. It was agreed that the Annual Dinner would take place on Monday 12 December before the Board meeting on Tuesday 13 December.

CLOSE

Thereafter, the meeting was brought to a close.