

Minutes of meeting of the VisitScotland Board held at Gleneagles Monday 27 February 2006

Present: Peter Lederer (Chairman)
Pat Buchanan
Donal Dowds
Willie Dunn
Brian Houston
Alex Pagett
Lesley Sawers

In attendance: Philip Riddle (Chief Executive)
Eddie Byers (Director of Industry Engagement)
Riddell Graham (Director of Strategy, Partnerships & Communication)
Willie Macleod (Director of Visitor Services & Quality)
Ken Neilson (Director of Corporate Services)
David Noble (Director of Network Operations)
Malcolm Roughead (Director of Marketing)

Lynne Raeside (Minutes)

1. APPROVAL OF ATB ACCOUNTS

Ken Neilson (KN) reported that the Audit Committee had satisfactorily addressed the issues which had been raised by the Board previously, namely:

- channelling of monies to third parties by both the Kingdom of Fife Tourist Board and Angus & Dundee Tourist Board;
- loan to Ayrshire & Arran Tourism Board
- redundancy issues
- pension deficit

There are no qualifications on the accounts which will now proceed to sign off by former ATB Chairmen where possible. Ultimately, the consolidated accounts will show a £1.7m deficit.

The Audit Committee recommended that the accounts should be signed by the VisitScotland Chairman and Chief Executive on behalf of Network Boards 1 and 2.

With regards to the pension deficit, KN reported that VisitScotland will have to incorporate this into the accounts to comply with FRS17 which will result in the organisation showing a negative asset. VisitScotland is in discussions with the

Scottish Executive to seek a letter of comfort on this matter and AuditScotland have advised that they will not issue a qualification if the accounts are in deficit because of a pension deficit. KN also noted that the pension deficit is part of the Local Government Scheme's deficit. To address VisitScotland's share of the deficit, the organisation is increasing its contributions. In addition, VisitScotland is undertaking a comprehensive pension review.

2. APPOINTMENT OF BOARD MEMBERS TO TOURCO BOARD

The Board agreed to appoint Donal Dowds (DD) and Brian Houston (BH) to the TourCo Board.

3. APPROVAL OF VISITSCOTLAND.COM BUSINESS PLAN

Malcolm Roughead (MR) clarified that the issues causing concern within the visitscotland.com business plan, namely the growth assumptions relating to income and the problems associated with reducing operating costs, had been addressed in a paper he had circulated to all Board members.

MR also reported that the visitscotland.com plan has now been re-written, partly in response to the concerns raised by VisitScotland. It was agreed that the revised plan should be circulated to the two TourCo Board members.

PKR reported that the new technology supplier (Tiscover) has been approached and invited to take a shareholding in the company in return for a reduction in fees. He also suggested that VisitScotland should consider increasing its shareholding in return for a reduction in the concession fee. This would give VisitScotland a larger share which would assist in addressing reputational issues.

Action: revised Business Plan to be circulated to DD and BH for approval.