

Minutes of Meeting of the VisitScotland Board held at The Hilton Hotel, Glasgow on Friday 3rd October, 2003

Present: Peter Lederer (Chairman)
Michael Cantlay
Pat Buchanan
Brian Houston
Donald Anderson
Alex Pagett

In attendance: Philip Riddle (Chief Executive)
Hugh Hall (Corporate Services)
Malcolm Roughead (Marketing)
Lesley Sawers (Communications)
Tony Mercer (Q&S) – for items 1-6

Lynne Raeside (Minutes)

Apologies: William Macleod (Industry Services)
Donal Dowds

INTRODUCTION

The Chairman welcomed Tony Mercer, Head of Quality & Standards, to the Board meeting.

The Board reflected on the Strategy Away Day and the Dinner with the Minister the previous evening. It was agreed that both had been successful sessions. What is required now is a more clearly defined plan to determine how VisitScotland will best deliver on its ambitions. It was noted that the Minister had also indicated that a robust business case will help to demonstrate to colleagues the need to invest in tourism.

The Minister's comments on the need for industry support were noted. While the need for industry commitment was acknowledged, it was also noted that industry already contributes to marketing and businesses will have to be convinced that they will get additional benefits from investing more in Scottish-wide marketing. VisitScotland should outline what industry already provides in terms of support for marketing. The Scottish Executive should also be made aware of the context in which the industry is operating: increased pressure on wage levels in an effort to enhance the status of the industry, rising water charges, insurance and national insurance charges.

The Board agreed that:

- *an outline strategy will be drafted, with input from Board members, to be discussed at the next Board meeting;*
- *a plan, including details of those VisitScotland should involve, should be drawn together to outline how to generate support for the strategy.*

1. MINUTES OF PREVIOUS MEETING

The Minutes of the Board meeting held on Thursday 28th August were approved.

2. MATTERS ARISING

The Board noted the Matters Arising Schedule. It was agreed/noted that:

- Litter remains an issue of concern, both to the industry and to visitors. VisitScotland should offer the Scottish Executive a solution such as road sponsorship, e.g. Royal Bank of Scotland is considering sponsorship of the Gogar roundabout, Edinburgh. Alex Pagett is to write to the Scottish Executive about the litter issue. In addition, contact should be made with Keep Scotland Beautiful.
- A follow-up letter should be sent to all members of the Cabinet Committee, reinforcing VisitScotland's ambitions for the future and outlining the dangers of Scotland having a lack of ambition.
- VisitScotland.com is progressing well. Joint operational meetings with VisitScotland and visitScotland.com have been held with ATBs. Philip Chalmers has been brought in from SchlumbergerSema for six months to assist with communications. Most of the criticism regarding the concept has been dispelled and concerns now relate specifically to operational issues. Online booking has now gone live and other innovative work is ongoing behind the scenes.
- The next meeting of the Retail Advisory Group will be held on 15 October to discuss research requirements and exit surveys. Results from this work will be developed into a retail marketing strategy.
- VisitScotland should develop its relationship with Scotland in Bloom. A list of this year's winners was distributed.

3. CHAIRMAN'S REPORT

In presenting his report to the Board, the Chairman highlighted the following:

- The Chairman's 'listening tour' continued in Greater Glasgow and Clyde Valley on 4th and 5th September. Visits to ALLST and HOST will take place in October.

The Board noted the report.

4. CHIEF EXECUTIVE'S REPORT

In presenting his report to the Board, the Chief Executive highlighted the following:

- Business tourism spend for January to April was up by almost £60 million compared to the same period last year. Corporate and incentive travel spend show an increase from £244 million to £303 million in 2003. This increase in business tourism is being profiled with significant PR coverage.

The Board noted the report.

5a. REPORT FROM THE DIRECTOR OF MARKETING

In presenting his report, the Director of Marketing highlighted the following:

- A CD-Rom on VisitScotland's UK Marketing Strategy and on Current and Future Marketing Activities has been distributed to the Board.
- A successful MTV launch was held on 29 September. Plans for the event are progressing well.
- Meetings with VisitBritain to discuss future strategy were cancelled at the behest of VisitBritain.
- The new Zoom Airlines route to Canada from Glasgow was launched on 3 October.
- Feedback from the ITME event in Chicago was very positive.
- Work is continuing with the Scottish Executive on the promotion of Scotland overseas. There is a need to achieve the right blend of contemporary images and traditional icons depending on the circumstances.

The Board noted the report and agreed that:

- *The current Inquiry into the promotion of Scotland overseas, being carried out by the European Committee of the Scottish Parliament, will provide a good opportunity to demonstrate our philosophy, practice and success in promoting Scotland overseas.*

5b. REPORT FROM THE DIRECTOR OF INDUSTRY SERVICES

In presenting the report from the Director of Industry Services, the Head of Quality & Standards highlighted the following:

- The Board of Taste of Scotland formally placed the company in receivership in September. VisitScotland worked with Taste of Scotland to develop a rescue package, but this offer was not taken up. A meeting of the Overseeing Committee of the Food Grading

Scheme was held two weeks ago. Members remain very supportive of the Food Grading Scheme. VisitScotland is now taking this opportunity to carry out the programmed review of the food grading scheme and consider the options available. In the meantime, those businesses which have paid for membership will all receive a visit from a Food Grading Adviser. Further reports will be made to the Board.

- The Industry Engagement project is progressing well. A draft strategy will be complete by early October. Following approval from the Management Team, a detailed action plan will be prepared thereafter.
- The dependence of ATBs on European funding is causing serious concern, particularly in view of a recent EU audit at SBTB which has raised concerns over the eligibility of membership contributions as match-funding. There are concerns over a potential claw-back of funds if the EU audit prevails. This issue has been raised with the Finance Minister, Andy Kerr.
- Following satisfactory receipt of outstanding information, VisitScotland has now released to AATB the balance of funding due for the 2002/2003 financial year. The restructuring plan has now also been assessed and the first instalment of core grant-in-aid for the current year has been released.
- Planning is also underway for the Scotland United Conference, 16-17 November in Glasgow. VisitScotland is providing event management support guided by the industry-led steering group. The Chief Executive will be outlining VisitScotland's ambitions and vision to the 200 industry leaders expected to attend this conference.
- The Arran Initiative is progressing well.

The Board noted the report and agreed that:

- *A full report on the Industry Engagement project should be presented to the Board at the November meeting.*
- *The problems associated with ERDF funding and the potential impact on ATBs should be raised with Frank McAveety and the Cabinet Committee members. This opportunity should also be taken to provide the Cabinet Committee with a more general overview of the financial situation of each ATB.*
- *The Arran Initiative should be rolled out to other areas across Scotland.*
- *Board members should attend Scotland United if possible.*

5c REPORT FROM THE DIRECTOR OF CORPORATE SERVICES

In presenting his report, the Director of Corporate Services, highlighted the following:

- TFFA: The Pride and Passion Initiative is moving forward. It is being led by the private sector, primarily by the Tourism Innovation Group and an advert has been placed for a Director.
- Ivan Broussine has resigned from his post as Chief Executive of the Scottish Tourism Forum. This will lead to a review of strategy of the STF.
- Positive media coverage (net of negative) for the year to date is £484,000.

The Board noted the report and agreed/recommended that:

- *The future of the STF is important to ensure that there is an industry voice. Its role should primarily be communications. While VisitScotland should continue to support the work of the STF, it should do so on the basis that the organisation is self-sustaining.*
- *A more robust method of calculating media coverage should be used. The forthcoming Stakeholder Survey, which is carried out annually, will cover how VisitScotland's reputation is viewed.*

6. Quality & Standards Review

Tony Mercer presented the Quality & Standards review paper which updated the Board on progress with the review of Q & S operations, currently underway. The review, which is based on a "what if..." scenario, has taken into account the situation in which we are currently operating: rising overheads for businesses; the strive for common standards; the possible introduction of compulsory registration. The focus of the review is on the challenges set by the Management Team, namely: the overall subsidy for schemes should decline; and participation levels should increase.

One means of encouraging participation is increased consumer promotion of the schemes so that businesses can be confident that consumers understand the relevance of the quality grading.

The key to reducing subsidy levels is to consider the overall value for money proposition which will necessitate looking at improvements to the scheme and both fee levels and the cost of operations. Subsidy levels could differ from scheme to scheme, with those schemes commanding significant consumer support enjoying a higher level of subsidy than those where demand clearly emanates from the industry. A paper on changes to the fee structure was tabled. The proposals have been subject to discussion, amendment and final approval by the Overseeing Committee.

The Board noted the report and in particular that:

- *The rise in fees should be set in the context of the scheme being an improved scheme, with the introduction of the business advisory element.*
- *A new name should be considered for the schemes to reflect the business advisory element of the visit.*

- *A sound communications strategy must be implemented to explain the need for the increases.*
- *Consideration should be given to the introduction of special packages to encourage a rise in quality, e.g. if a business moves from a two star to three star establishment, could they be offered food grading free of charge?*
- *We need to keep in view any proposals to introduce compulsory registration.*
- *Consideration should be given to eliminating one star establishments.*
- *In addition to highlighting the importance to individual businesses of the schemes, the benefits to Scotland as a whole should be highlighted, i.e. the schemes are important to ensure that **Scotland** has a quality reputation and Scotland having a quality reputation will benefit all businesses, large or small.*
- *Businesses in the schemes should be encouraged to share knowledge and best practice with others.*

The Board agreed that:

- *The schemes should be re-packaged and a modest increase introduced this year as recommended. A further increase will be considered for next year.*

7. Finance Report – Year to 31st August 2003

The Board received a report from the Director of Corporate Services on VisitScotland's financial performance for the four months to 31st August 2003.

The Board noted the report and in particular that:

- *At the mid-year point, VisitScotland is well within budget.*
- *The direct access budget is under pressure but the Scottish Executive is being pressed for additional money.*

8. The Season to Date Review

The Board noted the Season to Date Review.

9. Any Other Competent Business

- The next Board meeting will be held on Thursday 20 November 2003 at the City Chambers, City of Edinburgh Council.
- Nominations for the Silver Thistle Award were discussed and further views are to be submitted to the Chairman.