

## **Minutes of meeting of the VisitScotland Board held at Ravelston Terrace, Edinburgh on 3 December 2004**

Present: Peter Lederer (Chairman)  
Pat Buchanan  
Michael Cantlay  
Donal Dowds  
Alex Pagett

In attendance: Barbara Clark (Communications)  
Willie Macleod (Industry Services)  
Ken Neilson (Corporate Services)  
Philip Riddle (Chief Executive)  
Malcolm Roughead (Marketing)  
  
David Noble (Project Director, TNS)  
  
Janice Mack (Minutes)

Apologies: Donald Anderson  
Brian Houston

### **INTRODUCTION**

#### **1. MINUTES OF PREVIOUS MEETING**

Alex Pagett requested an amendment to the Minutes of 15 October 2004. The amendment referred to items 7 and 10 ([visitscotland.com](http://visitscotland.com) and the IT project). The Chairman read out the amendment for inclusion and the Minutes were approved. The amended Minute is attached at the end of this set of Minutes.

Alex Pagett raised a concern about the length and content of the minutes. We needed to strike a better balance to ensure the Minutes were more expansive and reflected more of the discussion.

The Chairman reinforced the importance of comprehensive minutes so that interested readers were able to understand the course of the discussion. It was agreed by all that the Minutes had to be more expansive, outlining the issues discussed, ideas rejected and decisions made. The Chairman continued that the Minutes also had to record discussions around actions or decisions which could have been improved upon and strategies for progress in the future.

The Chairman concluded that the minutes should not go on to [Scotexchange.net](http://Scotexchange.net) until they had been approved (ie there would be a six week delay in posting these up).

There was a short discussion about the implications of the forthcoming Freedom of Information Act. Pat Buchanan noted that FOI was retrospective and asked how prepared VisitScotland was for this. Ken Neilson confirmed that preparations were well underway.

## **2. MATTERS ARISING**

The Board noted the Matters Arising Schedule.

- The Chairman mentioned that VS was awaiting confirmation from the Minister's office regarding a dinner with the Board Members. This would either be Thursday 20 January or a date in February/March.
- The Chairman asked all members to check their Registers of Interests for inclusion in VS Publication Scheme.

## **3. CHAIRMAN'S REPORT**

Board Members took an interest in the Chairman and Chief Executive's meeting with the Sea Fish Industry Authority. The Chairman explained that, as an important industry to Scotland, it had been an interesting meeting. The Authority was keen to explore any mutual opportunities and VisitScotland made the most of the opportunity to talk about the strategy of 'Tourism is Everyone's Business'. Willie Macleod explained that an approach was being considered to the Authority regarding Tartan Day and also Food Products.

Board Members also reiterated the importance of developing and maintaining any links with the The Forestry Commission and The Forestry and Timber Association.

The Chairman asked Board Members to note three other dates.

Tuesday 7 December 2004 – the Chairman and the Chief Executive would be giving evidence at the Enterprise and Culture Committee

10 January 2005 – Lord Marshall has been appointed Chairman of VisitBritain and would be visiting Scotland on that date. The Chairman invited all Board members to attend the presentation and meeting in Edinburgh where possible. The Chief Executive suggested the meeting be extended to a lunch with invitations from industry representatives

16 March 2005 – First Tourism UK Conference to be held at Queen Elizabeth Hall, London

The Chairman and the Chief Executive asked Barbara Clark to organise the event on 10 January.

The Chairman concluded by acknowledging all the hard work by Izzy O'Brien and her team at the Thistle Awards on 29 October 2004 (and all those who played a part in making it such a memorable, quality event). Everyone agreed that the event worked well for VisitScotland and the industry.

Pat Buchanan asked if the results were available from the Thistle Awards survey. Willie Macleod confirmed that these results would be circulated in due course to Board Members and posted on Scotexchange.

#### **4. CHIEF EXECUTIVE'S REPORT**

The Chief Executive highlighted key points in his report:

A paper on EventScotland corporate arrangements was with the Scottish Executive, having been submitted before the change of Minister. Progress on that paper was slow and unlikely to develop much in the next few months.

The Chief Executive confirmed that he had regular meetings with EventScotland to cover any mutual issues and opportunities. Pat Buchanan stressed the importance of mutual support and working to the same goal – to achieve the Ambitions objective.

Alex Pagett suggested that the MP contact programme should be extended to MEPs. It was confirmed that this would be the case.

Alex Pagett suggested there might be opportunities to be gained from linking up with the Foreign Press Association – who were always keen to organise visits and briefings. Details to be passed on to Barbara Clark.

#### **Industry Statistics**

Donal Dowds asked if there had been any progress on the previously discussed problems around industry statistics.

The Chief Executive explained that, despite the fact that across the UK it was accepted that UKTS statistics were inadequate and misleading, progress in replacing the survey at UK level was slow. We had, though, managed to force some action.

There is a need to have a new face to face survey and review the sample size and, as a result of pressure – primarily from Scotland – we are going out to tender for a new system and a new supplier.

As regards the IPS for international tourism, Prestwick would be added in wef 1 January 2005.

Alex Pagett asked what VisitScotland's competitors do? The Chief Executive explained that none of the competitors had the perfect solution. However it was easier for countries like Ireland with limited, controllable entry points to have robust monitoring and analysis. It was not so easy for Scotland to extrapolate overseas visitor numbers from the overall UK figures, or indeed to monitor effectively figures for English or Welsh visitors.

Board Members expressed concern at the issue of poor statistics and urged that this issue be raised with the Scottish Executive. This had serious implications for measuring progress towards the industry's growth ambitions.

Willie Macleod added that the issue was more important than ever given the future working relationship and partnership agreements with the Local Authorities.

Donal Dowds asked about industry satisfaction.

The Chief Executive replied that there had been massive progress with the bigger players in the industry but less progress with the smaller/medium businesses.

There was a general discussion about why this was so. Malcolm Roughead commented that VS does the general activities well eg themed campaigns like Autumn Gold and SMEs can buy into these if they wish. However VisitScotland had less success in this market with 'bespoke' activities – as they are often not so relevant to SMEs. There was general agreement that TNS industry engagement should help address this imbalance as currently there were too many barriers between VisitScotland and SMEs.

Willie Macleod added that going forward with the integrated network it would be easier to track which marketing opportunities were working best. Pride and Passion would help create a positive environment for the industry.

Pat Buchanan reminded the Board of the need to have sustainability front of mind in future planning. It had to be the cornerstone of developing the business.

Donal Dowds asked about the quality of local area strategies – and the substantial challenge of the integration process to align these with the Business Plan and the national priorities.

David Noble confirmed that there were considerable differences in the quality in local area strategies and there would be variations regarding measurable tasks and outputs across the network. New local area strategies would not be in place until well into 2005. Some ATBs were more advanced than others.

## **5-6. PROGRESS AGAINST OBJECTIVES and KPIs**

The Directors presented this report to the Board. The Board noted this and were keen to hear more detail on TNS and the office move – both items are covered separately on the Agenda.

## **7. VISITSCOTLAND.COM MONTHLY PERFORMANCE TO AUGUST 2004**

The Board noted the report.

Malcolm Roughead explained that there were savings to be made from duplication of brochure printing and distribution costs around the network, particularly, given the market preference for online booking. The continuing success of myvisitscotland.com and innovations like the digital brochure could save up to £3.5 million in the longer term.

## **8. TNS (Tourism Network Scotland) UPDATE**

David Noble gave a presentation on key milestones in the project in the coming months and the Board Members asked questions on this presentation and the Board paper. (A copy of the presentation and accompanying paper, Transition Planning Approach are attached).

The Chairman stressed the importance of managing expectations throughout the process and keeping people informed.

He also asked about the point at which the VS Board has to sign off on the Network Implementation Plan?

David Noble explained that there was a Due Diligence exercise underway and this would be completed by 31 January 2005. The draft Business Plan for the new network was due to be completed by 31 December 2004 and this would start to identify the potential funding gap.

Alex Pagett asked about latest indications from the Local Authorities regarding maintaining the existing levels of funding to VisitScotland?

Donal Dowds commented that the deficit was an absolute priority for further discussion with the Scottish Executive.

There was a lengthy discussion around the timing of this assurance from the Scottish Executive and the risks and liabilities involved for Board Members.

Mike Cantlay added that he was happy with the process to sign off the Implementation Plan as long as the Due Diligence exercise had been completed satisfactorily.

The Chairman stressed the need for the process to ensure that all the industry stakeholders had to play a part in this new organisation and vision.

There was a general discussion about steps after 31 March 2004 and the formal adoption of the Business Plan. David Noble explained that the bulk of the re-engineering work required could not happen until then and confirmed to the Board that there was a clear timetable for the planning and process integration.

The Chief Executive confirmed that there were no signs of large numbers of employees resigning before March. He emphasised that VisitScotland Management were well aware of the need to keep up morale and were committed to keeping employees well informed.

Donal Dowds asked when there would be confirmation regarding funding from the Local Authorities. It was confirmed that this would be available at the end of February.

The Chairman explained about discussions with regard to the Chairman's Committee. Progress had been slow as nominations were awaited from COSLA. The Chairman had had a conversation with Willie Dunn (COSLA representative) and it had been agreed that it would be more effective if there were two committees – one for industry and one for Local Authorities. Cllr Dunn suggested that the number of nominees be increased to six and this was agreed by the VS Chair.

David Noble explained the need to have a finely detailed agreement about financial and legal status.

The Chairman added that substantial milestones had been reached by all employees concerned, particularly the Project Team and all the other team members, and it would be appropriate to write and thank in due course.

The Chief Executive drew the Board's attention to the Appendix to the TNS paper on Sales and Information processes. He highlighted that a major reorganisation would be required to achieve common information/sales and back office processes.

Pat Buchanan asked about the future link between the TICs and the wider Ambition strategy.

Mike Cantlay informed the Board that he had participated in the recent TIC information centre workshop. He explained that there were clearly substantial challenges ahead to streamline the varying products and processes around the network.

There was extensive discussion around the challenges ahead for the network and the revamped TICs. The Chairman asked if there might be merit in commissioning an independent review of this important aspect of the business.

David Noble supported this idea adding that there would be clear benefits to an independent review of the TIC business.

## **9. Product Development**

The Board approved this paper but looked forward to further developments. There was a general discussion about the scale and scope of potential areas for the new network.

Alex Pagett asked about current developments and how quickly we were getting to market with our products and services?

Malcolm Roughead replied that VS had developed a much quicker response time to research and design opportunities. He gave the example of the recent release of the Da Vinci Code and work being done to attract visitors to Rosslyn Chapel.

Willie Macleod emphasised that there was tremendous potential for product development. He recognised the need to ensure customer focus by making the most of market intelligence and also the importance of partnerships with the enterprise networks. There was general agreement that it would be useful to share Business Plans and strategic priorities with Highlands and Islands Enterprise and Scottish Enterprise.

## **10. Review of the IT Project**

Ken Neilson explained that the IT system selected would manage all the expected CRM, financial and quality assurance requirements of the organisation as currently specified. A further, more detailed specification of the CRM requirements is being finalised.

Alex Pagett expressed the concern that the system chosen would work well for accountants but may not have sufficient breadth and flexibility to allow VS to take advantage of opportunities in the marketplace. Alex Pagett was also anxious that the IT system should be able to measure such business activity effectively. The choice of IT platform was a critical corporate decision and could have a huge bearing on the success of the integrated network.

The Chairman asked if the system would be capable of developing into something bigger.

Ken Neilson confirmed that this system would fulfil current, expected business requirements for the next five years.

The Chief Executive added that, in terms of IT strategy, the less bespoke the better as this would allow VisitScotland to use “off the shelf” upgrades and develop potential ties with VisitScotland.com.

The Board noted this paper and but confirmed the need for a continuing debate on developing visitscotland.com.

There was a discussion on the advantages of an effective CRM system and Alex Pagett suggested the possibility of linking in with one of the Scottish banks. These banks have unrivalled mailing lists and this would be an excellent means of promoting the Scotland Means Business message.

There was a general discussion about the need to further develop – as a priority – an e-business strategy. Malcolm Roughead confirmed that the new network would have a new e-business strategy unit, though much depends on how business develops at visitscotland.com.

Mike Cantlay asked about IT arrangements at TICs wef 1 April 2005. David Noble explained that this would be covered by the Due Diligence exercise.

Mike Cantlay offered to work with the Working Group looking at IT/purchasing, if it was required. The Chair noted this.

Ken Neilson confirmed that the software IT costs remained on track circa £750k, but that training, testing and implementation costs would increase the project budget to circa £1-£1.1 million.

## **11. Review of the Office Move**

The Board noted the report.

Ken Neilson confirmed that the office move was on track with tenders out for the move. Indications are that these tenders will be on budget. Heads of terms for the new building have yet to be agreed with the new Landlord.

## **12. Risk Strategy Phase One**

Ken Neilson had addressed this and PwC were now working on Phase Two which would include the TNS Project and the IT risk register.

Donal Dowds asked about triggers/early warning signs which could, if necessary, prompt mitigating actions. These could be reviewed as part of a standard monthly procedure. The Board expressed an interest in knowing more about this and Donal Dowds offered to provide an example from BAA.

## **13. Finance Report**

Ken Neilson presented a paper summarising VisitScotland's financial results for the seven months to 31 October.

The Board noted the report.

#### **14. Review of Authorisation Limits**

The Board noted this report and recorded that this item would be revisited post April 2005.

#### **15. Competitive Environment**

The Board noted this report. The CEO highlighted the Visitor Attraction Performance paper within the report and, in particular, the demise of some of the key attractions around the UK. This is a significant change in visitor behaviour; we are fortunate in Scotland to have strong natural attractions marketed through Freedom of Scotland and Outdoor Activities. We should not underestimate the strengths of these activities.

#### **16. Any Other Business**

Alex Pagett asked if the recently produced Ambitions newsletter was permanent or temporary? Barbara Clark confirmed that the range of communications methods available to VS was under review. This was one of several options to communicate with SMEs and tourism businesses in general.

The Chairman congratulated Pat Buchanan and Donal Dowds on their reappointment to the VisitScotland Board for a further four year term.

Ends