

Minutes of Meeting of the VisitScotland Board held on 20 April 2017

Present: John Thurso (Chairman)
Anne Anderson
Rebecca Brooks
Cathy Craig
Gordon Dewar
Steve Dunlop
Stephen Hagan
Carolyn Jameson
Calum Ross

In attendance: Malcolm Roughead (Chief Executive)
Riddell Graham (Director of Partnerships)
Ken Neilson (Director of Corporate Services)
Charlie Smith (Director of Marketing)
Paul Bush (Director of Events)

Apologies: Caroline Roxburgh

Minutes: Lynne Raeside

MINUTES OF THE BOARD MEETING HELD ON 9 MARCH 2017

1. The minutes of the Board meeting held on 9 March were confirmed as a true record of the meeting.

CONFLICTS OF INTEREST

2. Rebecca Brooks noted that she would update her Register of Interests to reflect changes in her business interests. She also recorded that Abbey Scotland was the DMC handling agent for the activity with Tenon Tours.

CORPORATE PLAN

3. The Chief Executive introduced the revised Corporate Plan which had been amended to reflect comments at the previous Board meeting. Subject to some final comments relating to integrated ticketing, public transport and Island Region Deals, the Board approved the Plan. It was also noted that the Plan would be circulated to stakeholders for comment before final publication. **ACTION: Corporate Plan to be shared with external stakeholders for comment before final publication.**

CSR PRELIMINARY DISCUSSIONS

4. The Chief Executive introduced a discussion on the CSR process. He reported that VisitScotland had been asked to provide a note of unfunded pressures for the two coming years – 18/19 and 19/20. The submission was based on the pressures linked to SME support and to additional direction contained within the Letter of Strategic Guidance.
5. The Board discussed the distinction between realism and ambition. It was noted that the aspirational approach would be pursued through the longer term strategy work which is being developed.
6. Further detailed comments were made in respect of the importance of supporting existing businesses to grow; ensuring the distinction between the role of VS and SDI by emphasising that our support for internationalisation will be through digital support; having a greater influence over the Digital Tourism Scotland project; and the opportunities to shape the brand architecture of the South of Scotland and the Ayrshires.
7. The Board also asked about comparative spend by competitors. It was noted that competitors consistently outspend Scotland and that this would be articulated in the business case that is being prepared in respect of supporting SMEs.
8. The Board asked whether VisitScotland is in a position to spend money on activity if short term opportunities arise to secure additional funding. It was noted that OPEX funding could be spent by upweighting marketing activity while there is a list of shovel-ready projects for CAPEX funding.
9. The Board noted that it was content with the submission.

PEOPLE STRATEGY

10. The Chief Executive presented an update on the People Strategy, with particular reference to the Pay and Grading Review which had been carried out. He reported that the Review has provided a good starting point for a more flexible system. Work is underway to re-profile jobs to align them with a new system and with the kind of organisation that VisitScotland is aiming to be. Progress will be reported to the Board.
11. The Board sought clarity on how performance will be addressed through the new system. The Chief Executive clarified that there would still be an opportunity to include an element of performance related pay. It was also noted that care would have to be taken to ensure there were no unintended consequences arising from the change.
12. The Board supported the direction of travel.

CHAIRMAN'S REPORT

13. The Chairman introduced a report on his activity since the previous Board meeting. He drew particular attention to the following:

- (a) **Scottish Tourism Week:** the Chair attended the Industry Conference and participated in an on-stage discussion session as part of the day. He also attended the Industry Dinner on the same evening. He recorded his congratulations to the Scottish Tourism Alliance for a well organised event.
- (b) **NDPB Chairs Event:** the Chair participated in a session for NDPB Chairs which had provided a useful opportunity to share best practice.
- (c) **Meeting with HIE CEO:** the Chair met with the acting CEO of Highlands and Islands Enterprise. He noted that HIE is keen to work more closely with VisitScotland.
- (d) **Scotland House Opening:** the Chair attended the formal opening of Scotland House, hosted by the First Minister. He noted that Scotland House would provide a useful space for VisitScotland for engagements in London.

14. The Board noted the report.

CHIEF EXECUTIVE'S REPORT

15. The Chief Executive presented a report updating the Board on activity since the last Board meeting. He drew particular attention to the following:

- (a) **Product Investment:** the impact of the V&A Dundee is being seen in the city with a number of new hotel developments. The Board sought clarity around VisitScotland's role in proactively encouraging investment, e.g. in Edinburgh where there is a need for further five star hotel development. It was noted that the National Tourism Development Framework has provided legitimacy for VisitScotland to support new developments and while VisitScotland is not a consenting body, we will highlight the tourism benefits of new developments.
- (b) **Thistle Awards:** the evening was a huge success and the Chief Executive recorded his thanks to all involved.
- (c) **VisitScotland Expo:** the event is on track in respect of both buyers and exhibitors. The Board asked that consideration be given to how best to increase the number of exhibitors which has remained relatively static. It was agreed that all the options should be considered and clear direction should be given to the team regarding what it is the Board would like to see achieved from Expo. A paper will come to the July Board once the review of the 2017 event has been completed. **Action: review of Expo to come to July Board meeting.**
- (d) **Organisational Change:** the VR programme is progressing with identified savings on target. The Chief Executive confirmed that approved applications are in line with the strategy of right-sizing the organisation.
- (e) **Enterprise Agency Review:** The Chief Executive updated the Board on VisitScotland's involvement across the various workstreams. VisitScotland is actively involved in the South of Scotland Group and has contributed to the final report. Similarly, as announced in Parliament by the Cabinet Secretary for the Economy, VisitScotland has led the international branding work as part of the Internationalisation Workstream. The Business Support workstream has been considering how best to reduce duplication and how to automate

processes where possible. The Data Group has recommended the establishment of a central unit which will report into the overarching Board. The Unit will be comprised of contributors from each agency. The Board discussed the role of VisitScotland in relation to the overarching Board. While VisitScotland had not been part of the review exercise, it was agreed that if the overarching Board is taking a strategic overview of the economy, then tourism should be part of the discussions. It was agreed that further consideration be given to how VisitScotland might be involved.

- (f) **Brand Scotland:** The Board discussed the timescale for the roll out of the brand Scotland work. It was noted that September is the target date for the marketing narrative although the marketing narrative is only one part of a more comprehensive approach to stimulating growth. Market testing is currently underway in the south of England and in North America, with a view to the campaign going live in London, New York and the Silicon Valley / San Fran Bay area.
- (g) **Events:** an update on the Scottish Open, the Ladies Open and Edinburgh's Hogmanay was provided. In addition, it was noted that monitoring of the Ryder Cup 2018 preparations is being carried out.
- (h) **ERDF:** The Chief Executive reported on the outcome of the ERDF application. The Board expressed its disappointment with the decision of the Managing Authority and instructed the Chairman to register these concerns with the Director General for the Economy. In the meantime, it was noted that there may be other funding opportunities to support SMEs which could be pursued.
Action: Letter to be issued to Director General for the Economy regarding the outcome of the ERDF application.

16. The Board noted the report.

AUDIT AND RISK COMMITTEE UPDATE

17. In the absence of the Committee Chair, Gordon Dewar provided an update on the recent meeting of the Audit and Risk Committee. He reported that there has been considerable discussion on the risk of exposure to international currencies in relation to the Solheim Cup. It has been identified within the Risk Register as a high impact risk and has been included as a pressure in the Unfunded Pressures paper recently submitted to Scottish Government. While the risk does not specifically belong to VisitScotland, it was agreed that it should be continue to be raised with Scottish Government. It was also reported that the ARC had agreed that an audit of VisitScotland's activity regarding the Solheim Cup should be carried out.

18. It was reported that Audit Scotland had asked about VisitScotland's publication policy. It was agreed that a review of our publication policy should be carried out and reported to the September Board. Board members were invited to input any views. **Action: Review of Publication Policy to be presented to the September Board.**

19. It was noted that the Terms of Reference will be shared with the Board as part of the Governance Framework which is currently being reviewed in conjunction with

the Scottish Government. **Action: Governance Framework to be shared on completion.**

20. It was reported that the appointment process for the Internal Auditor will be led by two members of the ARC and two members of the Executive team.

21. The Board noted the update.

HEALTH AND SAFETY

22. The Director of Corporate Services presented the Health and Safety Report. He noted that the Health & Safety Risk Register has been updated to reflect the same format as the corporate risk register.

23. The revised Health & Safety Policy was presented to the Board. It has been updated to reflect that HR is responsible for well-being but through the Health and Safety Committee. The Board approved the Policy.

FINANCE AND PERFORMANCE MEASURES

24. The Director of Corporate Services presented reports on Finance and Performance Measures. He drew attention to the following:

- (a) **Pension Update:** All guarantees are in place for the Local Government Schemes. Following a meeting with the Scottish Government Finance and Policy teams, approval has been reached to send the guarantee to the Regulator. However, a further meeting will be held with VisitBritain before any decision is made to communicate with the Regulator.
- (b) **Outturn:** The interim audit has not identified any significant findings and a balanced budget has been achieved.
- (c) **2017/18 budget:** It was noted that amendments to the proposed budget may be required as a result of the decision on ERDF funding. However, other options are being considered and therefore no changes will be made at this stage.
- (d) **CAPEX:** The CAPEX budget was presented to the Board. It was noted that this does not include the wider aspirations, e.g. the digital strategy, which will be included within the business case. However, there is some funding within the OPEX budget so that work can be started.
- (e) **National Tourism Statistics:** It was reported that the agency responsible for the delivery of the GBTS has not delivered satisfactory statistics since last year. It has been acknowledged by all the NTO partners that while the statistics for England are largely acceptable, those for Scotland and Wales are not. This is partly due to a change in methodology but also due to a reduction in the number of intercepts. Because Scotland had a smaller number of intercepts in the first place, the reduction has had a bigger impact. The Board discussed other routes to obtain data. It was agreed that the purpose of data collection has to be agreed first. In the meantime, it was agreed that VisitScotland should ask that only UK level data be released. **Action: VisitScotland Chair to raise this at the VisitBritain Board meeting.**

25. The Board noted the report.

SOLHEIM CUP

26. The Director of Events updated the Board on progress relating to the Solheim Cup. He reported that contracts are now signed. The project is now moving into delivery phase and there will therefore be continued monitoring of any potential risks.

27. The Board noted the update.

PROPERTY MATTERS

28. The Director of Corporate Services introduced a paper updating the Board on a number of property matters, including the sale of both Oban and Helensburgh properties; information delivery in Glasgow; information delivery in Durness and Lochinver; disposal of Lochboisdale; repair work in Brodick; and the relocation of the Inverness local office.

29. The paper also sought Board approval for the disposal of Inverurie VIC. He reported that the VIP in the library is working well. The VIC property has been placed on PIMS but there has been no interest and it is now therefore proposed that the property be placed on the open market. The Board gave its approval.

PAPERS FOR NOTING

30. A number of papers were presented for noting: Core Activity Update; Insights Update; Communications Report; and Schedule of Forthcoming Activity.

ANY OTHER BUSINESS

31. **Board appraisals:** The Chairman noted that he will be carrying out Board appraisals over the coming months.

32. **Joint Marketing:** The question of joint marketing with airlines was raised and it was noted that many airlines are suggesting that Scotland is more restricted by State Aid considerations than other destinations. It was noted that VisitScotland has sought different ways to address the challenges of State Aid, e.g. through aligned activity. However, it was agreed that a review of the State Aid policy would be helpful. **Action: paper on State Aid to come to future Board meeting.**