

## Minutes of Meeting of the VisitScotland Board held on 16 September 2021

<b>Present:</b>	John Thurso (Chairman) Caroline Roxburgh Stephen Hagan Steven Walker Cathy Craig Anne Anderson Rebecca Brooks
<b>In attendance:</b>	Malcolm Roughead (Chief Executive) Vicki Miller (Director of Marketing, Digital and Brand) Riddell Graham (Director of Industry and Destination Development) Ken Neilson (Director of Corporate Services) Paul Bush (Director of Events) Rob Dickson (Director of Industry and Destination Development) Michelle Lavery (Head of Corporate Governance and Performance – For agenda items 5 & 6) Trudy Lindblade (Chief Executive of 2023 Cycling World Championships Limited - For agenda item 10.a)
<b>Apologies:</b>	Keith Nicholson
<b>Minutes:</b>	Kelly Sinclair / Gayle Biggart

### INTRODUCTIONS

1. The Chairman welcomed Board Members to the meeting and reminded in-person attendees of operating instructions for the technical equipment. Apologies from Keith Nicholson were noted.
2. The Chairman welcomed the Head of Corporate Governance and Performance to the meeting and advised that she would be presenting (i) the Draft Annual Accounts & Financial Statements and (ii) the Annual Budget sections of the agenda. It was noted that the Chief Executive of 2023 Cycling World Championships Limited would join the meeting remotely during the Events segment to present the 2023 Cycling Worlds update.
3. The Chairman advised that the Remuneration Committee convene at the end of the meeting.

## **MINUTES OF THE BOARD MEETING HELD 3 JUNE 2021**

4. The minutes of the Board meeting held on 3 June 2021 were approved as a true and accurate record of the meeting.

## **MINUTES OF THE BOARD MEETING HELD 22 JULY 2021**

5. The minutes of the Board meeting held on 22 July 2021 were approved as a true and accurate record of the meeting.

## **CONFLICTS OF INTEREST**

6. No new conflicts of interest were advised.

## **MATTERS ARISING**

7. It was noted that the matters arising would be covered during today's meeting.

## **AUDIT AND RISK COMMITTEE UPDATE**

8. The Chair of the Audit and Risk Committee led the discussion and advised the Board that the Committee had met twice since the June Board meeting, with the minutes and summary report for both meetings included in the Board paper pack. It was advised that the Committee had reviewed the draft Annual Report and Financial Statements and provided comments for consideration by Management. It was advised that the Internal Audit work for 20/21 had been completed and that the Internal Auditor's opinion had been provided at the highest level of assurance. The Chair of the Audit and Risk Committee highlighted the great work completed by the organisation in order to gain this level of assurance, including in relation to the COVID business support grants. It was noted that the Committee had reviewed the Internal Audit plan for the next three years, with audits planned to cover business continuity, return to office environment and hybrid working and the STERG recovery projects in 21/22. It was highlighted that the assurance framework had now been integrated into the organisation's risk management process and reporting and that this would help to identify any gaps in assurance. It was noted that 2023 Cycling World Championships Limited's risk register had been provided to the Committee and that it was expected that this would be expanded and updated over time.
9. The Committee advised that it was closely monitoring the Festival 22 work given the potential political and reputational risk elements of the project and the short timescales for delivery. An overview of the structure put in place for delivery was provided as well as an update of recruitment of key positions.
10. The Chair of the Committee noted that there had been a good discussion by Committee members in relation to the draft Annual Report and Financial Statements. It was advised that Group Accounts were being presented to the Board to include 2023 Cycling World

Championships Limited. It was commented that the Committee had recommended some additional wording be added to the Financial Statements to help aid the reader's understanding in relation to the group accounts elements. It was advised that a section on the business support grants had been included. It was further noted that the usual key performance indicators were missing from this year's report given the economic situation during the pandemic. It was noted that more detail had been included around the National Performance Framework. The Chair of the Committee advised that the external audit was currently underway, and the results would be presented to the Committee in November.

## **ANNUAL ACCOUNTS AND FINANCIAL STATEMENTS**

11. The Head of Corporate Governance and Performance presented the draft Annual Report and Financial Statements for the year ended 31 March 2021 to the Board. It was advised that 2023 Cycling World Championships Limited had been presented through the footnotes in the previous year but that in this year's report, the Group picture was presented. It was noted that the Annual Report was split into four sections: (i) the Overview, (ii) Performance Report, (iii) Accountability Report, and (iv) Financial Statements. The Board were asked to comment on the tone and messaging used in the Annual Report and feedback on the use of case studies. It was noted that the feedback provided by the Audit and Risk Committee had not yet been incorporated.
12. An overview of the Performance Report was provided, noting that the Audit and Risk Committee had requested that bolder language be used in the paragraphs relating to each of the funds and that the enormity of the role VisitScotland had played in influencing the activity be highlighted in this section. It was noted that additional text would be added to the 2023 Cycling World Championships Limited section to provide more context and include branding.
13. There was a discussion around the key performance indicators and the impact on the figures given the pandemic and lockdown restrictions. Management noted that as businesses had not been able to trade, conversion studies had not been carried out. The Board suggested that a comparison be drawn between the pre-pandemic situation and the closing of the 2020 Tourism Strategy and the position in which the industry finds itself for the start of the 2030 Tourism Strategy, noting that suitable narrative would need to be included.

### **ACTION: Management to consider incorporating the performance indicators back into the Annual Report to demonstrate the impact of the pandemic on the industry.**

14. The Board noted the National Performance Framework and sustainability sections of the report. It was advised that additional information would be included about 2023 Cycling World Championships Limited in the summary of the financial position. It was noted that a

balanced position in relation to both capital and operational expenditure had been achieved for VisitScotland and 2023 Cycling World Championships Limited.

15. The Accountability Report was presented to the Board and it was noted that Members would have an opportunity to update their bios. It was further noted that additions would be made to the report to show the movement of risk across the year. An overview of the Remuneration and Staff Report was provided, highlighting that sickness absences and staff turnover had dropped significantly over the last year. It was noted from the Parliamentary and Accountability Report that the Quality Assurance fees had been waived for 2020/21 and that the income from iCentres had been low given the lockdown restrictions.
16. The Board advised that it was comfortable with the direction of travel presented in the draft Annual Report and Financial Statements.

## **ANNUAL BUDGET**

17. The Head of Corporate Governance and Performance presented the 21/22 Annual Budget to the Board for approval. The Board was reminded that an interim budget had been presented in April which had looked at the organisation's fixed costs and an interim opening budget to allow activity to proceed in the first half of the year. It was noted that this left a remaining balance of £6m to be allocated against core activity. It was advised that meetings had taken place with the Heads of Department to look at the activity business cases and to define the planning activity. It was highlighted that this would start the process for building the longer-term financial plan. It was further noted that detailed activity business cases for the higher value activities had been included as a supplementary information pack within the Board paper pack for this meeting.
18. An overview of the capital budget for the financial year 21/22 was provided to the Board. It was noted that adjustments had been made through the Autumn Budget which had been expected with the Spring Budget Review due to be completed by the end of February 2022.
19. There was a discussion around various budgets by the Board, including the international marketing budget and planning for a longer-term budget. The Chairman gave an overview of funding realities.

**The Board approved the operation and capital budget for 2021/22.**

## **CHAIR AND CHIEF EXECUTIVE REPORT**

20. The Chairman advised he had been involved in a high volume of virtual activity which was working well and had also attended his first in-person event since lockdown. The Chairman provided an overview of a recent meeting with the newly appointed Director of Economic

Development at the Scottish Government and an update following the most recent VisitBritain Board meeting.

21. The Chief Executive provided an update on the current sentiment position of the UK audience, noting that 26% think the worst is still to come, 52% think things will stay as they are, and the remainder think we are past the worst. It was noted that this was an improvement in the previous position, with 50% now expecting a return to 'normality' by 2022. An overview of the number of adults who have taken a short break in the UK was provided, noting that 38% of the trips had been to Scotland with Scotland's overall share at 11%. A summary of the position for those looking to take a short trip in the next three months was also highlighted, noting that 49% had already planned a trip and 47% had booked. It was advised that rural and coastal areas and self-catering options remained the most popular choice, with accommodation providers in cities still struggling. It was however noted that there had been increase in intent to visit larger cities, particularly amongst the younger traveller due to cheaper prices, Covid cleanliness standards, and attractions/restaurants being open. It was advised that similar reports on international attitudes were expected in the coming weeks.
22. The Chief Executive provided an overview of a recent Economy Committee meeting that he had attended. It was noted that the three themes coming out of the questions asked centred around (i) fair work, (ii) greening the economy, and (iii) supply chain support. It was noted that no additions had been made to the Programme for Government which impacted VisitScotland. It was advised that Visitor Management activity continued and a meeting with the Cabinet Secretary has been arranged to discuss long-term support and funding to be followed by a virtual summit. The need for a longer-term task force to address the challenges around continuing labour shortages and food and drink supplies due to lack of lorry drivers was highlighted. VisitScotland will review the implications, if any, of these changes in its daily operations. The Board noted the update.

## **INDUSTRY AND DESTINATION DEVELOPMENT**

23. The Director of Industry and Destination Development advised that significant investment was continuing to take place across Scotland but that occupancy rates were changeable across the country. An update on recent STERG meetings was provided and it was highlighted that a two-year recovery plan had been submitted to Ministers for consideration and feedback at the end of August. An update on VisitScotland's involvement in COP26 and in relation to the Net Zero Pathway was also provided.
24. It was advised that following the Board Strategy Away Day in July, a Responsible Tourism Plan covering the next 3-10 years and plan for the Quality Assurance Scheme would be

submitted to future Board meetings. It was also noted that a new Head of Information had been appointed and that an Information Strategy paper would be brought to a future Board.

**ACTION: Management to bring the Responsible Tourism Plan, Quality Assurance Plan and Information Strategy to future Board meetings.**

25. There was a discussion around the workforce shortage in the sector and how younger people could be encouraged to pursue a career in tourism. In addition, the role of destination management organisations was raised. The Management team highlighted a report recently commissioned by VisitBritain which contained some good examples and useful lessons for VisitScotland.

**ACTION: Management to include a strategy session to discuss the role of destination management organisations in the Board planner over the next 12-18 months.**

26. A note of caution over the use of the word ‘recovery’ was voiced, as many businesses are still fearing the collapse of their businesses. It was considered that VisitScotland could help lead in the repositioning of the sector and explain the ongoing challenges to the Scottish Government.

**ACTION: Management to provide an indication of the number of tourism businesses closing down/selling for a future Board meeting.**

27. The Board welcomed the newly appointed Director of Industry and Destination Development, Rob Dickson, to VisitScotland. It was noted that Rob had joined the current Director of Industry and Destination Development on several work-related visits across the country in recent weeks.

**MARKETING, DIGITAL AND BRAND SCOTLAND REPORT**

28. The Director of Marketing, Digital and Brand provided an overview of recent activity. Partnerships with Diageo, Go Rural and Quality Meat Scotland were noted. It was advised that the industry toolkit relating to Visitor Management had been updated with new assets focusing on water safety, litter and pet best practice. It was noted that this would continue to be enhanced with a focus on winter safety in the coming months. It was advised that the Scotland is Calling campaign would be launched towards the end of September, with a theme of responsible tourism and a focus on our key markets. The Director of Marketing, Digital and Brand commented that the importance of the campaign had been explained to the Scottish Government, noting that the timing was crucial to encourage visitors back to Scotland and to regain market share.
29. It was advised that there would be a UK element to the campaign focusing on Autumn and Winter breaks, launched in October. It was noted that the UNESCO trail would also be launched in October with lots of accompanying web content. In addition, it was noted that

there would be a climate campaign, encouraging visitors to enjoy Scotland but to “tread lightly”. It was advised that November would see the launch of the Days Out campaign which was aimed to help the recovery of visitor attractions and experiences following the pandemic and help them sustain footfall over the quieter winter months.

30. It was advised that the Leadership Group had reached a decision on the delivery of Expo for next year. It was noted that the approach would blend digital with in-person events. It was advised that the digital event would be held in April, with regional in-person showcase events in May and September to maintain exposure to the destination and products. The Board noted the update.

## EVENTS

31. The Director of Events updated the Board regarding recent activities undertaken by the Events Directorate and how the sector is changing beyond level 0. An update on requirements to attend events was also provided. It was noted that there were ongoing discussions with the Scottish Government in relation to the Scottish Events Recovery Fund. It was noted that a new Chair had been appointed to the Cabinet for 2023 Cycling World Championships Limited and that work was underway to present to Ministers to outline the opportunities the Cycling World Championships in 2023 could have for their communities.
32. An update was provided in relation to Festival 22, noting that the brand was due to be presented to the Festival 2022 Board (including representatives from the devolved administrations) later this month. An overview of potential event opportunities over the coming years were highlighted to the Board.
33. The Chief Executive of 2023 Cycling World Championships Limited joined the meeting. The papers were taken as read and the Board noted the engagement from Local Authorities so far. The Chief Executive advised that it was a busy time for the project and that certain matters required approval from the VisitScotland Board. The first related to the Articles of Association of 2023 Cycling World Championships Limited. The Board was advised that the proposed change would enable a co-opted Director to be co-opted for a further 12 months. It was highlighted that confirmation had been received from the Scottish Government that this was possible. The Board noted that it was comfortable with the proposal in principle, but that consideration should be given to whether co-option until the end of the project was more appropriate than only for a further 12-month period. The Board requested that once this had been considered, it be brought back to the VisitScotland Board for approval.

**ACTION: Management to consider suggestions proposed by the Board and bring the Articles of Association for 2023 Cycling World Championships Limited back to the Board once the suggestions had been considered.**

34. The proposed terms of reference for a sub-committee of the 2023 Cycling World Championships Limited Board were proposed to the Board. It was noted that the terms of reference for the Contracts Approvals Group had been considered by 2023 Cycling World Championships Limited's Board, who had agreed the terms and recommended them for approval. The Board was reminded that it was required to approve the terms of reference for sub-committees of 2023 Cycling World Championships Limited's Board under the delegated authority in the Governance Manual.

**The Board approved the Terms of Reference for the Contracts Approvals Group.**

35. An Application to Tender for six separate competition spoke elements was presented to the Board. It was noted that this had been considered by 2023 Cycling World Championships Limited's Board on 26<sup>th</sup> August and that given the value of the contracts exceeded the delegated authority limits for 2023 Cycling World Championships Limited's Board, approval was now being sought from the VisitScotland Board. It was noted that the contract terms would be for periods of up to 24 months and it was advised that the values were included in the papers.

**The Board approved the Application to Tender for the six Competition Spokes.**

36. The procurement advice and accompanying business case for delivery of the elements of the Championships due to take place in Glasgow were presented to the Board. The Board sought further detail around the analysis and various options considered in undertaking this piece of work, including considerations given to use of public funds and best value, and an explanation was provided by the Management team.

**The Board approved the award of a public to public co-operation contract with Glasgow City Council.**

37. The proposed approach to be taken by the project in relation to sponsorship, value in kind and hybrid scenarios (a mix of sponsorship and value in kind) was presented to the Board. The Board noted the risk-based approach proposed for the hybrid scenario.

**The Board approved the approach outlined in the paper in relation to cash sponsorship, value in kind and the hybrid scenario.**

38. The Board commended the 2023 Cycling World Championships Limited Team and the VisitScotland Team for their combined efforts in achieving the current project position.

**CORPORATE SERVICES REPORT**

39. The Director of Corporate Services presented the Corporate Services Update report to the Board. It was noted that the cyber resilience annual report had been presented to the September Audit and Risk Committee. It was noted that this had provided the Committee



with good assurance and that Keith Nicholson had noted that VisitScotland benchmarks highly in this area.

40. An update in relation to the Edinburgh office was provided to the Board, together with an overview of immediate next steps. In relation to the Sustainability Report, the Director of Corporate Services noted that consideration was being given to splitting this report into two, to create an external and internal report. The Board noted the report.

## **BUSINESS SUPPORT GRANT UPDATE**

41. The Director of Corporate Services provided an update on the Phase 1 closure reports. It was advised that each project would have its own report and that Management would look to publish these reports once they were available. It was noted that many of the lessons learned through Phase 1 had been addressed in the Phase 2 activity. It was advised that the Director of Marketing, Digital and Brand was the sponsor for the Phase 2 activity and that a status overview had been provided within the papers to provide the Board with an update in relation to the Phase 2 work. The Board noted the update.

## **FINANCE AND RISK**

42. The Finance papers were taken as read.

## **POLICIES**

43. It was noted that policies for review by the Board would be added to Huddle to allow Board Members to review in advance of the October Board meeting, with the aim to approve on the day of the October meeting. The Chairman requested that Board Members raise any queries at the point of review so issues could be resolved in advance of the meeting. The Chairman requested that he be copied into any emails relating to the policies between Board Members and Management.

**Action: Policies to be uploaded to Huddle in advance of October meeting to give Board Members an opportunity to review. Board Members to raise any questions with Management in advance of the October meeting (copying the Chairman into any emails).**

## **BOARD TRANSPARENCY AND PUBLICATION**

44. Further to the section in AuditScotland's 2020 Annual Report regarding openness and transparency, Board Members were invited to discuss VisitScotland's approach to transparency and publication of documents. The Board noted the importance of transparency and publishing as much information as possible whilst bearing in mind the

sensitive nature of certain discussions and information presented to the Board to allow open discussions to take place at Board level.

45. The Board considered that overall, no major changes were required in relation to VisitScotland's publication policy. It was noted that the Board Minutes of 2023 Cycling World Championships Limited should be published and that appropriate reports should be submitted by the various sub-committees to 2023 Cycling World Championships Limited's Board to allow decisions to be recorded in the Board Minutes.

## **REMUNERATION COMMITTEE**

46. The Chairman resolved the Board into the Remuneration Committee. The pay remit provided in advance and cleared by the Scottish Government was considered by the Board. The Board agreed the proposal.
47. The Chair reconvened the Board meeting.

## **ANY OTHER BUSINESS**

48. The Chief Executive advised the Board that in October, the Business Affairs Executive role (providing support to the Chairman and Board), would transfer to the Corporate Communications team and report to the recently appointed Head of Corporate Communications. Thanks were given to VisitScotland's Legal Counsel who had managed this role in the interim.
49. Tribute was paid to the current Director of Industry and Destination Development, Riddell Graham, as this was his final Board meeting before retirement. The Board commended his commitment and professionalism during his time in the industry and praised his admirable leadership of STERG. The Board and Management bid Riddell a fond farewell and wished him a happy retirement.
50. Thereafter, the meeting was brought to a close.