

Minutes of meeting of the VisitScotland Board held at Dryburgh Abbey Hotel, St Boswells on Friday 2 December 2005

Present: Peter Lederer (Chairman)
Pat Buchanan
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)

Apologies: Donal Dowds
Willie Dunn

1. INTRODUCTION & EVENTSCOTLAND

The Chairman welcomed David Williams (DW), Chief Executive of EventScotland, to the Board meeting and invited him to update the Board on EventScotland's activities. DW outlined some of the background to the establishment of EventScotland and explained that the organisation's vision is for Scotland to become one of the world's foremost events destinations by 2015. Support is only provided to events which will bring people from outside Scotland, thereby demonstrating economic impact; or which will generate significant media coverage, thus promoting Scotland. In addition, there is a regional programme (with a budget of £500,000) which supports events which have the ability to grow.

EventScotland works in partnership with other organisations. It will not support events without the support of the relevant local authorities and it also expects support from the relevant public agencies.

DW noted that in developing the country as an events destination, Scotland faces challenges in respect of facilities and infrastructure, although improvements are expected within the next four years. Other challenges include the long lead times for events.

Priorities for the coming year include: golf, particularly in terms of supporting events which will assist in securing the Ryder Cup; and rugby, showing commitment to securing the World Cup 2015. Highlights in the past year have included the Shetland Island Games which assisted in putting Shetland on the world map; and adventure sports events such as the Mountain Bike World Cup. With respect to the latter, DW noted that Scotland has an excellent natural environment in which to promote adventure sport events.

DW discussed the funding of festivals, noting that many of them are underfunded and have been losing money. He also noted that there is increasing pressure to develop “themed” years, often without sufficient budget to support them.

Workshops have been held with a number of local authorities to discuss the importance of events. Many of them are now developing event strategies. Together with the national programme, DW thinks Scotland is progressing well towards its goal. What we need now is a diversity of events and to ensure that people across the globe know all about Scotland’s programme.

In response to a question from Alex Pagett (AP), DW noted that the main risk we face is not securing events because of poor infrastructure. AP also asked about the levels of competition within the UK. DW reported that our major competitors are Birmingham, Manchester, Liverpool and Newcastle. However, Scotland has a more diverse programme, although faces difficulties in respect of large scale sporting events (other than golf).

Riddell Graham (RG) noted that the draft National Tourism Strategy makes very little reference to events. Pat Buchanan (PB) felt that there should be much more on events. RG agreed to feed back to the Executive that more mention should be made of events, particularly in the light of growing competition. DW noted that the Executive has been extremely supportive of EventScotland and therefore felt that there would be support for additional emphasis within the Strategy.

The Board agreed that the presentation from DW had been very informative and presented a very positive picture about events in Scotland. However, Brian Houston (BH) expressed concern that there was still no evidence that EventScotland itself was meeting its objectives. The Chief Executive agreed that measures of success require to be clarified. The existing performance indicators relate to the success of events rather than to EventScotland’s role in them or to the overall progress of the organisation as a whole.

Action: Chief Executive to agree measures of success with EventScotland and agree the organisation’s strategic reference point.

2. MINUTES OF PREVIOUS MEETING

The Minutes of the Board meeting held on Thursday 20 October were approved subject to the following change: in section 10, delete the words “Fraxion and the Procurement System” and replace them with “the spend management system.”

3. MATTERS ARISING

Business Plan 2005-06

The Chairman reported that although the Board had approved the 2005-06 Business Plan earlier in the year, following the minor changes made by the Scottish Executive no formal record had been made of final approval. The Board therefore gave its formal approval to the final Business Plan.

Sustainable Tourism

RG reported that sustainable tourism would not be mainstreamed through Scottish Natural Heritage (SNH) as sustainable tourism is wider than natural heritage. It was agreed that a definition of sustainable tourism is required to enable a decision to be taken regarding mainstreaming of sustainable tourism. More importantly, a decision requires to be taken as soon as possible regarding the staff concerned in the Tourism and the Environment Forum.

Avian Flu

RG reported that an internal group is being established to consider how best to respond to the potential threat of avian flu. Thereafter a wider external group involving the Scottish Executive and industry will be established to assist with communication. RG noted that VisitBritain has done a significant amount of work on avian flu which the VisitScotland group will build on.

Welcome Tsar Report

The Chief Executive reported that the Finance Minister is primarily interested in ensuring that proposals on gateways are taken forward. VisitScotland supports this view.

Scottish Enterprise / Highlands & Islands Enterprise

The Chief Executive reported that progress is being made with Scottish Enterprise and Highlands & Islands Enterprise to agree on projects which could be successfully undertaken together. It was suggested that the Tourism Strategy could be used to identify projects, e.g. broadband development.

Meeting with ATOS

MR reported that ATOS are committed to fixing short term technical problems. It was agreed that care must be taken to ensure that the short term fixes are consistent with the longer term strategy. The Chief Executive noted that he would be meeting with ATOS, TourCo and PUK in January to discuss longer term plans. AP noted that John Elvidge had issued a paper on proposals for a shared platform across the country. He asked whether the Executive's tourism team had raised this with VisitScotland. The Chief Executive confirmed that discussions regarding the website had been held.

4. NATIONAL TOURISM STRATEGY

RG introduced a paper on the National Tourism Strategy and invited the Board to comment on the current draft. A number of views were expressed, including:

- there should be a clearer link between the VisitScotland strategy and the Scottish Executive's strategy
- the current draft is not sufficiently radical
- it does not include sufficient reference to local authorities nor does it clarify their role / responsibilities
- it does not include sufficient reference to events
- introducing compulsory measures for 2010 is not appropriate, although we should work with businesses to encourage them to achieve the goals set out
- the current draft is too prescriptive
- it lacks definitions
- the draft is not inclusive
- there should be more information on skills and training
- there is no corporate objective in the strategy in terms of tourism's wider economic and social benefits to Scotland

In response to some of these points, the Chairman noted that the Strategy is intended to be an industry strategy, not an agency led strategy. However, the Board felt that the strategy should make reference to the fact that VisitScotland provides leadership to the industry.

Action: Comments to be fed back to the Scottish Executive.

5. FOLLOW-UP FROM STRATEGY AWAY DAY

The Chief Executive led a discussion on the way forward following the strategy away day. It was agreed that one-to-one meetings with the Board members would be held after which an additional Board meeting would be arranged before the finalised strategy is presented to the Scottish Executive.

Action: Date to be sourced and agreed for additional meeting in February.

6. COMPETITIVE ENVIRONMENT

RG presented the Competitive Environment Paper. He reported that the first results from the revised UKTS survey would be available in January. He noted that he is confident that the results will be much more robust and will provide a much better picture for planning purposes.

It was agreed that the section on competitor industries should include more detail on lessons to be learned. With regard to this particular month's topic, Google, the message centred on the impact that search engines will have on quality and marketing.

Action: Paper to be revised for future meetings to include more clearly identifiable lessons for the tourism industry.

7. CHIEF EXECUTIVE OVERVIEW

The Chief Executive updated the Board on the key projects for 2005-06. He noted that both the Culture Change project and the Information and Sales Strategy will not be completed within the two year TNS timeline as their scope goes beyond this timescale. However, he reported that good progress is being made with both these projects. Highlights in respect of culture change include the all staff briefing (which included a live interview); the new staff newsletter; a forthcoming training needs analysis; and the staff survey. The results of the staff survey are due in January. It is expected that there will be a slight dip compared with previous years, reflecting the merger process and the establishment of a new organisation.

Steady progress is being made in respect of Industry Engagement which will become part of mainstream business by March. Similarly, both the Admin Review and the European Support Review are almost complete. Progress is also being made with the Print Review. Delivery will, however, require significant input from across the whole organisation and care will have to be taken to ensure that pressure of work in certain areas does not become excessive.

The Chief Executive reported that some delays had been experienced in relation to the IT project but that the changes now being implemented will result in progress being made. In the long term, the new solution will be better for the organisation.

10. INFORMATION AND SALES STRATEGY

John Beattie (JB), Head of Information & Sales, joined the Board for this item.

Willie Macleod (WMac) gave a presentation updating the Board on the latest developments on the Information and Sales Strategy. Research projects have now been completed and findings disseminated to a wide range of stakeholders. To date there has been significant stakeholder agreement and buy-in. The next step is to agree the "future perfect" model.

It has been agreed that VisitScotland should continue to play a role in information and sales and should aspire to be the foremost information and sales provider of all NTOs. WMac noted that we are now in a strong position to deliver as we have one single network which gives us more options for moving forward.

WMac presented three models for each stage of the customer journey. He suggested that the "future perfect" will be a combination of all three models. The next step will be to produce a future perfect transition plan which will be presented to the Board in January. In addition, a financial analysis and a property audit will be completed by mid-January. Meetings will be held with local authorities and other stakeholders in February and March and the detailed transition / implementation plan should be available by the end of March.

The Chairman raised concerns about the timetable, asking whether it was realistic and whether there was a risk of the project being rushed through unnecessarily. JB agreed

that it is a tight deadline but a commitment has been given to staff. WMac also noted that although the plan is due to be completed by March, implementation will be phased over a longer period. WMac did, however, express concern that detailed discussions with local authorities may slow down the process.

LS asked whether local authorities' needs and business needs from the information network differed from visitors' needs, e.g. local authorities may want a physical network but visitors may not require one. WMac confirmed that visitors still require a physical network at present, although he acknowledged that this is changing and will change even more in the future. He also noted that a physical network might comprise a number of different elements, i.e. it might be more than simply a TIC.

The Chairman asked whether the future perfect design might be constrained by external stakeholders. The Chief Executive explained that the aim was to shape the future perfect design without considering potential constraints. Once this design is agreed, the next step will be to consider realistically what can be achieved in terms of finances and in terms of ensuring buy-in from other partners. WMac confirmed that at this stage, local authorities share VisitScotland's vision and want to work with us. Industry also shares a similar view.

PB asked for clarification that future perfect does not mean "one size fits all". WMac confirmed this to be the case, although stressed that quality standards would be consistent across the board.

11. INDUSTRY ENGAGEMENT

Eddie Byers (EB) reported that the CRM system is functional and now has more than 70 users. It will now be rolled out to non-Industry Engagement teams. The account management process has been designed and by Christmas over 10,000 accounts will have been allocated, including around 300 key accounts. Account plans are now being developed. BH asked to see some examples of account plans and also some outputs from the CRM.

Action: Examples of account plans and outputs from CRM to be provided at January Board meeting.

EB confirmed that there are around 30 – 40 account managers across the organisation looking after the 300 key accounts, some undertaking this as their primary role, others doing so as part of a wider role.

EB reported that a full training and development programme is being rolled out on an ongoing basis. He also noted that a second Industry Engagement Away Day had been held and staff development is progressing well.

With regard to key performance indicators, 9500 businesses have bought a business opportunity package (KPI = 8000); 13,500 businesses are engaged in communication with VisitScotland (KPI = 13,000); 350 groups are engaged in communication with

VisitScotland (KPI = 300); and 81 applications have been made to the Challenge Fund (KPI = 50).

EB reported that three rounds of the Challenge Fund have now been completed. 81 applications have been made and 51 have been successful, resulting in £544,000 being awarded, with £817,500 in match funding. The projects involve 2145 businesses across Scotland.

PB asked how the programme will be analysed. EB explained that a review of the programme is underway which will, among other things, look at how successful projects can be sustained.

12. NEVIS PROJECT

Ken Neilson (KN) reported that the finance system and the CRM system are in place. There have, however, been some problems with the spend management system. SAGE has now proposed two alternative systems for VisitScotland, one of which is an e-procurement system which is being used by some local authorities. A pilot is being run and it is hoped that the new system will be ready for implementation in the spring.

BH asked what risks there might be of changing to a new system. KN explained that there may be a risk of moving to a manual system if the current spend management system becomes unavailable before the new system is ready. There are alternatives in place but they are not as good.

13. TNS LESSONS LEARNED

The Board congratulated David Noble (DN) and the TNS team for successfully completing the Gateway Review. It was acknowledged that useful lessons had been learned which could be applied to the Information and Sales Strategy. The Chairman noted that he had raised the Board's concerns about governance of the project and he hoped these would be addressed in the final Gateway Report.

14. LOCAL AUTHORITY FUNDING

DN introduced a paper on local authority funding. He reported that funding for the first year had been as expected. The majority of local authorities have been keen to remain involved in tourism and to work with VisitScotland. There are one or two authorities with no significant tourism products that have been slightly ambivalent, while Moray Council has taken the decision not to engage with VisitScotland. In addition, East Lothian Council has reduced its funding by £100,000.

DN reported that funding for the forthcoming year is likely to be more problematic as local authorities are experiencing significant pressures on their own resources. Already some local authorities have advised VisitScotland that they will be reducing their funding for tourism. While these reductions are not significant, the cuts represent a steady attrition and there is no prospect of growth. In addition to cutting their

contributions, local authorities are beginning to ask for more detailed reports regarding how their money is being spent.

In order to address potential problems, DN recommended that intensive communication with local authorities should continue. He noted that already good progress is being made through the Chairman's Committee and the National Convention. DN also suggested that we need to provide local authorities with more detail on how their money is being spent.

The Board discussed the pressures being placed on Area Directors in respect of their relationships with local authorities and it was suggested that the basis of this relationship should be re-considered, e.g. changing from a member model to a customer service model; or re-directing local authority funding directly to VisitScotland. DN noted that SLAED would likely support the former approach as they have discussed the potential of itemised billing.

It was recognised that whatever model is adopted, VisitScotland must continue to have a strong relationship with local authorities given the important role local authorities play in tourism. It was further noted that it would be useful to clarify local authority powers and it was agreed that the Tourism (Scotland) Bill would be a possible mechanism to achieve this.

Action: Senior Management Team to work-up a case for the Scottish Executive to re-visit the issue of local authority funding. In addition, consideration to be given to the potential impact of losing further local authority funding.

15. PROPERTY LEASES

KN introduced a paper seeking the Board's approval to negotiate lease renewals, extensions, a sub-let and a disposal.

The Board gave its approval.

In addition, KN advised the Board of plans to develop a new Visitor Centre at Arbroath Harbour which would result in the relocation of the current TIC. A business case is being developed and will be reported to the Board at a later date. The Board noted this report.

16. GYRODACTYLUS SALARIS

RG introduced a paper advising the Board of the possible impact on Scottish tourism of the parasite, gyrodactylus salaris. It was agreed that VisitScotland should be prepared to act if the disease reached Scotland but should not raise concerns about it unnecessarily.

17. FINANCE REPORT

KN circulated the accounts for the first six months of the 2005-06 financial year. These provide a snapshot of the organisation's budgetary position. In respect of income, he made the following comments:

- retail income: the variance between the budget and the actual spend is due to the fact that in the budget ticket sales are identified as gross sales whereas in the actual spend they are noted as net income.
- grant income: draw down of the Scottish Executive budget is in line with plan; although there has been a delay in invoicing local authorities, progress is now being made and local authorities are paying invoices quickly.
- trade income: income is running slightly behind plan although progress is now being made and income is increasing.

In summary, KN reported that income for the year will be closely aligned to planned income.

In respect of expenditure, KN made the following comments:

- miscellaneous expenditure appears to be high but this was due to coding problems which have now been addressed and expenditure will be re-allocated appropriately.
- there is an overrun in respect of salaries which is largely due to budget timing, where large elements of costs are borne at the beginning of the year. It is expected that this variance will balance out by the end of the year.

BH noted that expenditure appeared to be 50% against budget. However, MR explained that because so much activity is seasonal, the budget would balance by the end of the financial year.

The Board approved the format of the finance report subject to two additions: (i) most likely outcome column; and (ii) narrative to explain any potential problems.

Action: The circulated format of Finance Report, subject to changes mentioned, to be provided at future Board meetings.

18. CHAIRMAN'S REPORT

The Chairman presented his report on recent activity. He reported that the National Convention, which had brought together all 32 local authorities, had been very successful and positive feedback had been received on the VisitScotland session. Feedback is being managed through COSLA and SLAED and will act as the basis for next year's event.

The Chairman noted that he had attended a breakfast hosted by the Prime Minister, primarily focused on the 2012 Olympics. However, the meeting had also been useful in terms of raising tourism up the agenda with the Prime Minister. The Chairman reported that Scotland was noted as an exemplar in respect of tourism related activity.

19. CHIEF EXECUTIVE'S REPORT

The Chief Executive presented his report on recent activity. In particular he recorded his congratulations to the Communications Department and the Consumer PR Teams for their success at the CIPR Awards.

20. PROGRESS AGAINST OBJECTIVES

The Chief Executive presented the Progress Against Objectives paper. PB asked to see the skeletal plans for Highland Year of Culture 2007.

Action: MR to email copy of plan to PB.

21. VISITSCOTLAND.COM

The Chief Executive reported that a new Chairman had been appointed to visitScotland.com. At the most recent Board meeting, discussions had been held regarding new technology. Business plan production has been slightly delayed to take account of these discussions.

22. ANY OTHER BUSINESS

- Copies of the VisitScotland draft response to the Tourism (Scotland) Bill were circulated. It was agreed that this Bill would provide the opportunity to clarify local authority powers in respect of tourism. It was also agreed that the response should emphasise the importance of adhering to the Nolan Committee principles in respect of Board appointments.
- The Chairman noted that concerns had been raised with him regarding tourism signposting in respect of two major investments – Aviemore and St Andrews Bay. RG reported that a consultation paper on tourism signposting had been issued by the Scottish Executive and these concerns could be addressed in VisitScotland's response.

Action: VisitScotland to respond to tourism signposting consultation paper.