

AITC BOARD MEETING 24th October 2022

Venue: Online

Attendees: **Chair:** Iain Jurgensen (IJ)
Vice Chair; Emma Clark (EC)
Cathy Craig (CC/CEO)
Fiona McPhail (FM)
Robert Kidd (RK)
Ewan Colville (EC)
Graeme McFall (GM)
Andy Roger (AR)

Apologies:
Calum Ross (CR)

Agenda:

- 1. Chair Open**
 - a. Chair opening remarks**
 - b. Declarations of interest**
 - c. Minutes of the last meeting** – to be agreed
 - d. Record of Board Actions** – outstanding items / updates
- 2. Finance, Assurance & Risk – (CEO in lieu of Calum Ross)**
 - a. Findings from RAC 05/07/22**
 - b. Update on current risk register** – Board to agree
 - c. Current cash flow** – CEO to add commentary
- 3. CEO Report – CC**
 - a. CEO report** – Board opportunity for questions
- 4. Travel Trade Presentation for information (Yvonne Wagoun)** – for information
- 5. Agree Memorandum of Association proposed changes** - all
- 6. Update on direct booking review progress (Ewan)** – for information
- 7. Revenue generation ideas** - all

Minutes:

1. Chair Open

- Apologies were noted for Andy and Graeme.
- The Chair asked for declarations of interest. No declarations of personal interest were offered.
- Chair asked Board to confirm how business was, various answers dependent on types of business. Challenges were staff, ferry cancellations and slow return of international visitors.
- The minutes of the last meeting 27.04.22 were approved by the Board with no amendments.

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- The Board Actions tracker was discussed with the Chair noting that there were several outstanding actions for the Board to undertake and that any updates should be provided to the CEO so she could update the tracker. Actions that were updated during the meeting were:
 - i. **Action 49;** Chair informed the board that CEO (Cathy Craig) was being added to the main bank accounts and that the current signatories had determined any account actions (add / remove signatories, overdraft facilities etc) will require a minimum of two of three of the signatories going forward. The proposal was agreed by the board. The CEO confirmed no overdraft facility was currently in place and Chair added that if such a facility was required, Directors would need to underwrite it. It was determined that an overdraft facility is not anticipated according to the current cash flow document and that the CEO would refer to Board if such a requirement was needed.
- Chair noted that **Actions 33 (role of Honorary Chair), and 32 (AITC stance on priorities ferries, A83 and short term let regulations)** remain outstanding. CEO asked that these be taken outside of the board meeting and the outcomes fed back to CEO in due course.

NEW ACTION(S):

- Vice Chair Emma: raised the point that AITC needs to offer firmer support for businesses affected by ferry cancellations stating that all AITC islands need to be represented by AITC. Her role (on ferry action group) is representing Islay as part of Islay Ferry Committee). She gave the example that 1000 ferry places had just been lost due to ferry being moved from Islay to cover another area of the network. She quoted £2.4m of lost revenue to Islay, last year, due to these cancellations and knock-on effect on funding for new businesses and expansions where funders are concerned about viability due to ongoing ferry issues. RK said that the issue was of such importance that it warranted a separate board meeting. The following new actions were agreed
 - i. **Action 50;** Chair will formally write to STA to ask for support (Vice Chair to support) and CJ will determine which body / committee AITC could formally join so that we can be represented – could be Calmac Community Board.
 - ii. **Action 51;** Chair will call an additional board meeting so the AITC stance and ferry strategy can be agreed.

2. Finance, Assurance & Risk – CR

- CR gave an overview of the RAC meeting that took place on 25.07.22 and stated that he is satisfied that our cashflow and bank accounts are in a good position and that there were some items to be aware of which have been raised in the RAC papers circulated prior to the 28.07.22 board meeting. The following new actions have been added to the Board Action Tracker following the RAC meeting.
 - i. **Action 48;** CEO to produce a Y3 cashflow where it is predicted that revenues are likely to come under pressure. This is to be presented to October '22 board meeting.
 - ii. **Action 52;** CEO to understand from previous FD rationale and types of account to ensure fit for purpose going forward.
- CR raised the point that there were some questions about the rationale for the two accounts which should be understood prior to determining the best method for moving money between the two accounts to ensure proper cashflow.

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- Chair asked CEO if there were any specific actions needed from the Board regarding membership and CEO confirmed the team need warm leads – refer fellow businesses for membership.

3. CEO Report – Cathy Craig

- CEO confirmed a very positive meeting had taken place with the Chief Executive of Argyll & Bute Council and the Head of Finance and that a wide range of strategic matters were discussed (current business levels, concerns and challenges, staffing, and affordable housing, how AITC could support Staycation on behalf of ABC going forward and alternative funding for AITC and the need for product development). A further meeting is to be held later in the year to understand progression. The CEO confirmed that she has offered to present to new council members once they have been fully onboarded (likely to be September '22).
- CEO confirmed that AITC had put in a 200k funding ask as part of the UK Levelling up funding for specific projects and felt confident that we would receive some level of award.
- EC asked if there was a mechanism to help prevent membership cancellations in the event of membership cancellation due to financial difficulty. CEO confirmed we offer a payment holiday of upto 3 months to support those facing hardship and try to retain beyond that period. FM suggested we could look at shorter payment periods e.g., pay over 8 months with no payment due in Winter months when tourism cashflow is often at its lowest. CEO confirmed all these things will be looked at together with whether it's appropriate or not to raise membership fees at the October board meeting. CEO also confirmed that its likely to offer different payment methods would incur development costs for AITC. EC mentioned risk in imposing an increase in membership subs triggering cancellations as cost-of-living increases bit on business overheads. CEO said this is scheduled to discuss in October board.

4. Travel Trade Presentation for information (Yvonne Wagoun)

- The trend is for more international visitors to Scotland booking via travel trade; normally 55% of USA visitors to Scotland book via trade, but post-covid it's 70%. Key factor here is heightened / perceived risks of trip cancellation and pandemic – tour ops provide guarantees/level of cover to minimise risks.
- USA visitors spend x4 the average spend from UK visitors (Germany and other European markets spend x2 as much).
- Yvonne outlined:
 - i. how travel trade is structured from Wholesalers to OTAs to Travel Agents
 - ii. growth of 'educational group tourism'
 - iii. importance for DMOs to engage with and influence travel trade to secure their destinations within touring itineraries
- Key considerations:
 - i. Argyll frequently bypassed by tours on well-established routes from Edinburgh to Highlands. We're a 'travel-thu' region for tour ops (or day-trip destination like visit to Inveraray Castle but staying out with Argyll)
 - ii. Whisky programmes that include Islay were the most notable tours that impacted on Argyll
 - iii. Lack of coaching facilities in Argyll (to accommodate large coach groups) was seen as a weakness
 - iv. Tour Op booked visitors are looking for soft or soft adventure type activities – trend for 'slower' tourism – deeper more meaningful connections with local history/culture/people

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- What does AITC need to do:
 - i. Commit to a formal program/strategy of tour op engagement and product development
 - ii. As a DMO, AITC needs to educate and inspire tour ops with sample itineraries, fam trips, staff training
 - iii. New travel trade section launching on AITC site in time for UK Inbound expo April 2023 (for 2024 programmes)
 - iv. Position Argyll & The Isles as a Boutique Destination, focus on FIT and luxury/educational travel trade
 - v. Take a long-term strategic view
 - vi. HIE-funded budget ring-fenced for 24-month programme that includes trade show participation, VS overseas missions and trade comms
- CEO explained that there is an option to create opportunity for members to pay an increment to AITC for representation to international travel trade. CR said we should also consider how we provide access to the workshops e.g., charge for non-members to attend.
- RK emphasised that potential ROI on AITC investment in travel trade engagement could be fivefold the return on B2C marketing. He also stressed that the most proactive DMO's are all developing dedicated travel trade sections on their sites (and supporting programmes).
- CR raised the point that AITC had put effort into TT activities over the years e.g., Expo and that it had worked for a number of Argyll businesses who have been able to build up TT relationships. Chair gave the example that his own business had struggled to engage. Yvonne confirmed that a consistent and robust approach is needed to succeed with TT.
- There was a general discussion about the need for image/video collateral that supports tour op programmes. The CEO confirmed this is being actioned.
- EC asked how VisitScotland's travel trade programme was supporting Argyll & The Isles – Yvonne explained their role was limited and they wouldn't follow through with specific product development with travel trade.
- RK talked up opportunity for Argyll to collaborate more closely with Glasgow, Fort William & Arran as local destinations who can partner with Argyll. Yvonne is to consider how best to approach this.
- CEO explained AITC are also now members of UK Inbound and hosting the Visit Scotland travel trade fam trip to Bute in September '22 and that CEO and Yvonne were attending UK Inbound Conference in September to launch Argyll & Isles officially to Travel Trade. Both also confirmed a new TT section is being built with itineraries and assets which will be ready for launch.
- The board agreed the general direction and activity underway.

5. Memorandum of Association

- CEO outlined the work that needs to be done to vote through the proposed changes to the Memorandum of Association.
 - Write to all existing members to introduce the membership and their associated rights.
 - Outline via formal resolution, the changes we wish to make to the memorandum and their rights with regard to voting. We need 75% of current members (at point of AGM) to agree to changes.

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- If 75% vote is not reached, the current Memorandum remains valid until changes are approved through voting.
- Introduce all new members to their rights as part of the member onboarding process.
- The board approved the proposed changes to the Memorandum of Articles and gave CEO instruction to proceed with the communication plan. The CEO stated that it was an all-team effort and that she would need support from Directors to get the 75% needed to attend the online AGM and agree the changes.
- The CEO informed the board that the advisor had suggested AITC look at charitable status as this would potentially bring other advantages.

ACTION(S):

- **Action 53;** CEO to review options / advantages to becoming a charity.

6. Update on direct booking review progress (Ewan)

- The board ran out of time to review this. It was agreed that EC & CEO would agree a written follow-up.

7. Revenue Generation Ideas (All)

- The board ran out of time to review this. The CEO asked board to approve extending future board meetings by 30 mins to ensure everything can be covered. This was approved.

END