

## **Fife Sports and Leisure Trust**

Record of the Meeting of the Board of Directors for Fife Sports and Leisure Trust  
held on Thursday 23<sup>rd</sup> March 2017 at 3.30pm in Studio 2, Carnegie Leisure Centre, Dunfermline

Present: S Stewart (Chair)  
J Rosiejak (JR)  
E Wallace (EW)  
C McDonald (CMcD)  
A Callaghan (AC)  
R Campbell (RC)  
B Goodall (BG)  
E Rowand (ER)

In Attendance: E Watson (CEO) Chief Executive Officer  
W Watson (WW) Chief Operating Officer  
G Rorrison (GR) Corporate Services Manager  
L Turnbull (LT) Human Resources Manager  
C Bowman (CB) Personal Assistant (Minutes)

### **ACTION**

#### **604. Welcome and Apologies**

The Chair welcomed everyone to the meeting. Apologies were received from Linda Erskine.

#### **605. Declaration of Interests**

There were no conflicts of interest declared.

#### **606. Minute of the Meeting held on 26<sup>th</sup> January 2017**

The Minute of the Meeting held on 26<sup>th</sup> January 2017 was approved and the Chair authorised to sign it.

#### **607. Matters Arising**

**571.** WW advised Directors that Technogym has been awarded the contract for the supply of new gym and Origin Fitness appointed for the ancillary equipment. Stuart Bizzarri, Gym Manager, is working on options for layouts and choice of equipment for Carnegie Leisure Centre, Duloch Leisure Centre and Beacon Leisure Centre.

**582.** GR reported that papers submitted to the CIC Regulator by Burness Paull LLP had been refused on a wording technicality within the Articles of Association, ie, Members should be referred to as Shareholders. GR confirmed that FSLT is the Shareholder and Burness Paull will re-submit the papers with this amendment. He also advised that there is still one vacancy

to fill on the Trading Subsidiary and a meeting of the CIC Board will be arranged once this is established.

**599.** The Chair reminded Directors of their health and safety responsibilities and encouraged Directors to make arrangements to carry out visits to centres. The CEO stated that it was important for staff to see Directors' presence within facilities and helpful to receive feedback from them. Directors agreed that an informal walk through a centre with a Manager was more valuable than a formal tick-box inspection. WW agreed to contact Martin Rae, Safety and Facilities Manager, for dates.

**WW**

**600.** WW reported that several meetings have taken place with Fife Council to seek funding for the payment of the Scottish Local Government Living Wage (SLGLW) and this is still the subject of discussion. Directors agreed that FSLT could not implement the new rate unless Fife Council meet the cost. WW is continuing talks with Fife Council and will update Directors on progress.

**WW**

**601.** The CEO reported that he and WW had met with Fife Council's Executive Director for Communities and the Head of Community Provision, when it was agreed that the EKOS report could be issued to Directors. The CEO will distribute the report next week and it will be an agenda item at a future Board meeting. It will be the decision of the new Administration after the elections to decide on the way forward.

**CEO**

## **608. Chairman's Report**

The Chair reported that since the last Board Meeting he had met, and had telephone conversations, with CEO and WW on Company business, namely roles and responsibilities of Directors, the Corporate Strategy and budget matters.

The Chair advised that the Appointments Committee had recently interviewed two potential Directors to fill the Independent Director vacancies. (See Ref. 613 for further details).

## **609. CEO's Report**

The CEO sought comments on the previously distributed Draft Corporate Strategy document. The document concentrates on the Company's Vision, Mission, strategic priorities and desired outcomes along with charitable objects and organisational values. Directors voiced their approval and commented that this was an excellent document. The CEO expressed appreciation to Margorie Tanner, Senior Graphic Designer, who designed and produced the document. The CEO will arrange for its distribution over the next few weeks.

**CEO**

The CEO advised Directors that the job profile for the new position of Head of Finance and Business Development is almost complete. It will be evaluated by Fife Council's Job Evaluation Team and it is anticipated that the post will be advertised on myjobscotland by 1<sup>st</sup> April 2017 via the Company's new online portal. The post will not be filled before the departure of the Corporate Services Manager who retires at the end of June.

**LT**

The CEO reported that attendance numbers were down slightly at the end of February 2017, mainly due to delays in planned maintenance at Beacon Leisure Centre and Levenmouth Swimming Pool and Sports Centre. Attendances for outdoor pitches are also lower, likely due to the availability of more pitches in Fife. Attendances at Dalgety Bay Sports and Leisure Centre decreased after Acrobay moved out of the Centre, however this has not affected income.

The CEO reported that Michael Woods Sports and Leisure Centre, Kirkcaldy Leisure Centre and Carnegie Leisure Centre all opened over the Christmas and New Year holiday period 2016/17 with only Carnegie Leisure Centre just managing to cover its costs. WW advised that she is meeting with Councillor Neill Crooks next week to discuss arrangements for the coming year. The CEO will feedback the outcome of discussions to the Board of Directors.

**WW/  
CEO**

The CEO sought agreement from Directors for LT to replace GR as signatory for bank accounts. Directors agreed with the proposal.

**GR**

The CEO advised that representatives of local swimming clubs have recently met with Councillor Neill Crooks to voice their disapproval of FSLT charging policy. WW will discuss this with the Councillor and Scott Urquhart, Operations Manager, and will report back to Directors at the next Board meeting.

**WW**

## **610. Draft Revenue Budget 2017/18 Report**

In the absence of the Company Accountant, the CEO presented the report and advised that it had been prepared against a background of the savings requirements of Fife Council and the Administration's Budget 2017/18.

The CEO reported that he and WW had met with the Executive Director, Communities and the Head of Community Provision, just prior to the Board Meeting. The Executive Director agreed with the proposal to decrease the opening hours at Levenmouth Swimming Pool and Sports Centre and the Beacon Leisure Centre in Burntisland as well as the cessation of crèche services, this creating an estimated saving of £250k per annum. However, the Executive Director advised

that this should be implemented after the local elections. The Chair questioned the validity of the Council's request.

WW referred to Appendix 1 of the report which summarised the budget, showing a deficit of £667,878 for 2017/18. WW referred to the budget deficit and highlighted the shortfall in 2016/17 income, the £150,000 allocation for the SLGLW and the uplift in fees and charges applied by Fife Council as factors relevant to the budget deficit.

The CEO circulated a document, a performance benchmarking tool, which was implemented when the Trust was created in 2008, and is still used, to record the income and expenditure against the Management Fee received from Fife Council. GR referred to the information relating to the number of visits, cost per visit, income per visit, staff costs, staff cost per visit, recovery rate and income as a percentage of employee costs have improved over the years with a recovery rate for last year of 78% compared to 46% in the first year of trading.

Directors considered that Fife Council should be approached for an increase in the Management fee. The Chair and CEO will meet with Stephen Phillips, Burness Paull LLP (the Company's legal advisors) to discuss how to approach this from a legal perspective.

**CEO/  
Chair**

CMcD suggested that staff should be consulted on how to make savings as the Trade Unions will no doubt be involved with any changes to opening hours. The CEO reported that he has asked his Operations Manager to review opening hours at all centres, however this will not drastically reduce the budget deficit. WW reported that it is hoped that £1.6m which has been made available from Fife Council for refurbishments at Cowdenbeath Leisure Centre will generate additional income.

The CEO presented the Chair with a copy of the Services Agreement which is a legally binding agreement with Fife Council. It states that the charity trustees, ie the Board of Directors is responsible for looking after the interests of the business. The Chair noted that the Company Reserves are healthy at the present time, however the future is uncertain and he questioned at what point the Company could become non-sustainable. Directors agreed that, with legal advice from Burness Paull LLP, Fife Council should be challenged from a legal perspective to increase the Management Fee provided to FSLT. The CEO advised that he had worked with Fife Council over the years and made compromises. The Services Agreement states that If the Management Fee is reduced then the Services Specification has also to be reduced.

The CEO suggested that an additional burden on the Company is the introduction of the Scottish Local Government Living Wage (SLGLW) which Fife Council is now paying to its employees and is asking FSLT

to implement for its staff, however FSLT cannot afford to meet this demand unless funding is made available to FSLT.

ER advised that the Company needs a sustainable plan which outlines what needs done now and what has been achieved in the last couple of years. The expectation from Fife Council is that the Company will be more efficient and needs to look at where it can drive costs down. The Chair listed a number of changes/improvements made over the past few years which have created savings. Directors agreed that the Company is still under pressure and would find it difficult to make further savings. AC suggested that a summary of savings already achieved with predicted future scenarios, be presented to the new Administration in May. The CEO advised that this could be done after the meeting with Burness Paull LLP.

ER suggested that the CEO and Executive Management Team develop a plan and present it to Fife Council as quickly as possible. The plan should clearly outline all the efficiency savings which the Company has put in place since its inception in 2008 and propose where future savings can be met with possible outcomes, eg impacting on centre closures. It was agreed that ER will work with WW, GR and VW to structure the report which will be circulated to Directors prior to its presentation to Fife Council. Fife Council's Executive Director, Communities, should also be engaged in discussions. It was remitted to the CEO to prepare the report and to arrange a special meeting of the Board of Directors to discuss this prior to the next scheduled Board Meeting in June 2017. ER cautioned that the Company may have to consider what will happen if the Administration reject the paper.

**ER/WW  
GR/VW**

**CEO**

The Board of Directors:

- (a) Noted the report and the Draft Revenue Budget for 2017/18.
- (b) Remitted to the CEO to prepare a draft plan to present to Fife Council.
- (c) Remitted to the CEO to set a date for a Special Meeting of the Board of Directors to discuss the Revenue Budget 2017/18 prior to the next scheduled Board meeting in June 2017.

#### **611. Business Risk Register 2017/18 Report**

GR presented the report and advised that the Business Risk Register for 2017/18 had been considered by EW and ER at the Audit, Finance and Compliance Committee meeting on 14<sup>th</sup> March 2017. GR advised Directors that the continuity plans require to be reviewed and that WW desk-tests the plans to ensure their efficacy.

GR informed Directors that the Company currently carries one high risk (4.1) relating to the Management Fee.

Directors raised various issues relating to the Risk Register and GR provided clarity on the subjects discussed.

Following consideration of the report Directors

- (a) Noted the contents of the report and the contents of the Business Risk Register and the associated documentation.
- (b) Approved the 2017/18 Business Risk Register and associated documentation.
- (c) Remitted to the Chief Executive to bring reports on the Business Risk Register and its associated documentation to future Board meetings.

## **612. Committee Business Report**

The CEO provided Directors with details of recent Committee meetings. He referred to the Minutes and advised of the business undertaken.

The Chair questioned if it was necessary for the detail of the Health and Physical Activity Quarterly Report to be discussed at Board level. The CEO explained that the update was for Directors' information only. BG suggested that a presentation should be given to the Board, when new members are appointed, to highlight the excellent work of the team.

**WW**

Directors noted the content of the report.

## **613. Recruitment of Independent Directors**

The CEO advised that at the end of last year, after receiving very little response to the advertisements for three new Independent Directors, he had discussed with the Chair and RC the possibility of engaging the services of an external recruitment agency. (RC declared a possible conflict interest at this point because the recruitment agency involved a member of his rugby club). The cost for the service was offered at a reduced rate of circa £7k. The CEO and WW recently met with Head of Community Provision, and discussed the possibility of using the recruitment agency. It was concluded that it was inappropriate to incur this expense when taking into consideration the financial climate and the Company's current budget constraints. These sentiments were echoed by the Directors.

The CEO advised that in January and February there was a renewed interest in the Independent Director post and the CEO received

several notes of interest. The Appointments Committee met on 2<sup>nd</sup> March 2017 and interviewed two very good candidates who both had excellent and relevant business backgrounds, but neither with Board experience.

The business backgrounds and attributes of both candidates were discussed at length, particularly their marketing and managing change experience and it was agreed that their appointment to the FSLT Board should be recommended to the Sole Member.

**GR**

CMcD suggested, for the third vacancy, to approach FSLT members for names of potential contacts. The CEO agreed to re-advertise the position and include FSLT members in the circulation.

**CEO**

GR confirmed that one of the Directors for the new Trading Subsidiary could also be a member of the FSLT Board of Directors.

The CEO will bring an update to the next meeting of the Board.

**CEO**

#### **614. Date of Next Meeting**

Directors agreed that a Special meeting of the Board should be arranged before the next scheduled meeting in June 2017. The CEO will contact Directors for their availability.

**CEO**

Signed \_\_\_\_\_  
Chair

Date \_\_\_\_\_