

Fife Sports and Leisure Trust

Minute of the Virtual Meeting of the Board of Directors for Fife Sports and Leisure Trust
held on Wednesday 2nd September 2020 at 3.30pm via Microsoft Teams

Present: R Campbell (Chair)
J Hamilton (JH)
P Gulline (PG)
A Suttie (AS)
L Erskine (LE)
D Watt (DW)
D Lothian (DL)
B Thomson (BT)

In Attendance: E Walker (CEO) Chief Executive Officer
W Watson (WW) Chief Operating Officer
L Turnbull (LT) Human Resources Manager
S Urquhart (SU) Sport & Physical Activity Team Manager
V Wyse (VW) Head of Finance & Business Development
C Bowman (CB) Personal Assistant (Minutes)

ACTION

872. Welcome and Apologies

The Chair welcomed everyone to the meeting. Apologies were received from E Wallace, C McDonald and K Caldwell.

873. Declaration of Interests

LE declared that she is a member of UNISON and noted matters relating to Human Resources on the agenda.

874. Record of the Board Meeting held on 13th August 2020

The Minute was approved and the Chair was authorised to sign it.

875. Matters Arising

865. Fife Council 'Letter of Comfort'

This matter was discussed later on in the agenda.

867. Policies for Approval

LT has advised staff and Trade Unions of the approval of the Voluntary Early Release Arrangement Policy (VERA).

LE expressed concerns at the introduction of the policy, The CEO offered to discuss this in more detail at a separate meeting with the LE and LT.

CEO

869.3 Scottish Government Briefing

The CEO has recently spoken with CMcD on behalf of the EMT and Board to congratulate her on her recent report “Framework for supporting people through Recovery and Rehabilitation during and after the COVID-19 Pandemic” published by the Scottish Government.

869.4 Management Fee v Generated Income

The CEO has issued benchmarking information to JH as requested and will update Directors once further benchmarking information is available.

CEO

876. Chairman’s Report

The Chair reported that since the last Board meeting he has met with the CEO on three occasions to discuss business and has been closely following emerging information relating to charity legislation affecting the business.

877. CEO’s Report

The CEO reported that the main focus of the Executive Management Team (EMT) continues to be the recovery plan. She explained that although the Scottish Government brought forward the re-opening of sport and leisure centres from 14th September to 31st August, the announcement did not allow enough time to mobilise the workforce safely at such short notice, therefore the Trust will continue to follow the phased re-opening timetable as planned. This decision has created some negative criticism; however, any issues have been discussed and resolved. All centres will be open by the end of October 2020.

Unfortunately, no progress has been made nationally in finding a resolution for the funding deficit. The Scottish Government has shifted the responsibility to Local Government. Community Leisure UK has written to COSLA highlighting that losses nationally are likely to be in the region of £430m. COSLA has submitted this information to the Scottish Government which is now drafting guidance for a Scottish loss of income scheme and this will be directed via the local authority. Importantly, ALEOs will be included in the scheme. The CEO will update Directors on the financial position once further information is available.

CEO

The CEO provided an update on the Trust’s own financial position which has remained unchanged since the last Board meeting.

Since the beginning of March 2020, the furlough claim has been significant however the claims will decrease as staff are brought back to work. The termination of casual furlough payments at the end of July 2020 reduced costs for the September payroll onwards. Flexible furlough is more complex to calculate as this is calculated on an individual basis for actual hours worked and is a time-consuming exercise. Further guidance is also awaited on the furlough bonus

scheme before an estimate can be calculated. It is crucial that accurate information is submitted as HMRC will check and pursue any false claims.

JH enquired about Fife Council's deficit. The CEO responded that COSLA is in negotiations with the Scottish Government to create fiscal flexibility, however, Fife Council's own funding gap will result in cuts to services it provides but the position is not known.

DW asked the CEO for clarity on why FSLT did not change the re-opening dates for centres to 31st August 2020 following the Scottish Government's go ahead to do so. The CEO explained that there was no lead in time or dialogue with the industry prior to the announcement. Staff on furlough who had accrued substantial annual leave had previously been requested to take one week's annual leave at the end of August and this had already been approved and processed.

878. Update on Fife Council Letter of Comfort

Following the Board's request at its meeting on 13th August 2020, the CEO wrote to Fife Council (FC) to seek further assurance and clarity on the information contained within the letter of comfort received on 30th July 2020. FC has now issued a supplementary Letter of Comfort dated 1st September 2020 which gives assurance that FC will continue to financially support FSLT for the foreseeable future and at least until 30th September 2021. FC acknowledges that due to the pandemic and the resultant loss of income, FSLT is in a deficit position, however, the Council will work with FSLT to ensure it can continue to operate without becoming insolvent. The expectation is that FSLT will continue to control costs, take appropriate mitigating actions and pursue all other potential means of funding from other sources to contain the level of the deficit. As an interim measure FC has agreed to pay FSLT an initial supplementary Management Fee for the 2020/21 financial year and will continue to review the cashflow requirements and the operating model to ensure FSLT can meet its cash liabilities.

The CEO emphasised that the primary responsibility for the sign-off of the company as a "going concern" lies with the Directors. Feedback from the company Auditors is that if Directors are willing to agree with the letter of comfort then this would be sufficient for the Auditors to sign off the company accounts from an audit perspective.

Feedback was sought from the company solicitors on wrongful trading and the advice received was that the Corporate Governance Act 2020 states that a Director is not responsible for any worsening of the financial position of a company or its creditors during the period 1st March – 30th September 2020 due to the current pandemic. The solicitors considered, given the assurance in the letter of comfort, that Directors could reasonably take the view that there is still a reasonable prospect at this point in time of avoiding insolvent liquidation.

Given that the external audit can be delayed by 6 months up to 31st March 2021, JH suggested that this would give FSLT more time to

seek out any national funding which might become available to Trusts and assist in offsetting any risk. The CEO highlighted that this would be discussed later in the agenda but advised that FSLT is committed to a full review by FC at the end of October 2020 to produce a sustainable model for the Trust. PG agreed with delaying the external audit to allow more time for assessment of income and any contribution from FC. The CEO advised that a further Board Update meeting will be arranged for 24th September 2020 to update Directors on customer uptake and FC's position.

The Chair advised that FC would have to agree to the delay in signing-off of the accounts and remitted to the CEO to write to FC to request this. BT concurred with the decision and advised that FC sets its budget in February or March and that it may be prudent to wait and see how that may affect FSLT. VW advised that FC will be signing-off its own accounts at the end of November 2020 and presumed that FC would expect FSLT to have their accounts signed-off at the end of October 2020. VW will check the deadline date with OSCR. Directors will discuss further at the next Board update meeting on 24th September 2020.

CEO

VW

879. HR Update Report

879.1 Collective Agreement Update

LT provided the background on the current position with the Collective Agreement with the Trade Unions and the requirement to renegotiate the agreement as a result of the continuation of and changes in the funding of the CJRS which and increased costs to FSLT as a result. LT updated Directors on the discussions to amend the collective agreement with the outcome being that Trade unions agreed the FSLT approach to cease payment of furlough for casual staff who were not essential to the business recovery on 31st July and also that staff on furlough would be required to take annual leave while on furlough.

879.2 Voluntary Early Release Policy Implementation

Following approval of the policy by Directors at the Board meeting on 13th August 2020, the policy has been communicated to staff and trade unions.

879.3 Annual Leave Update

LT provided a progress update on the requirements for staff on furlough to take annual leave. The trade unions were in agreement with the approach and one weeks' leave was scheduled for August with a further week requiring to be taken in September for staff remaining on furlough.at that time.

879.4 Casual Staff

LT provided an update on the revised approach for the management of casual staff, following careful consideration of current business requirements.

Directors approved the approach for managing casual staff.

880. Review of Scottish Government Guidance for Re-Opening Leisure

WW advised that FSLT has been following Scottish Government Guidance, **sportscotland**, the Scottish Football Association and national governing bodies advice for the re-introduction of activities back into the centres. FSLT has already been working with Scottish Athletics and opened up Pitreavie Athletics outdoor area on 5th August to allow athletes back on to the track to start training. Outdoor contact sports and group coaching will commence from 24th August and from 31st August indoor sports facilities will re-open for contact sports for under 12's and non-contact sports for over 12's and from 14th September all indoor contact sports will resume for all ages. The guidance will be reviewed to ascertain what activities can be safely re-introduced and the company insurers have been advised of the approach.

The wearing of face coverings indoors will be mandatory for customers moving around the facility before and after they participate in an activity. Similarly, staff must also wear a face covering when moving around the building and when cleaning and setting up equipment. 2-metre distancing will remain in place for fitness activities. Contact information will be recorded for all users of the facilities and a COVID-19 officer will be required to collect this information for larger group bookings. Appropriate hygiene measures will be enforced to ensure the regular cleaning of any hired equipment.

JH advised Directors that he recently had a tour of Michael Woods Sports and Leisure Centre and was impressed with the set up and advised Directors to take the opportunity to visit the centre. The CEO has a planned schedule of pre-opening visits to all venues and invited Directors to accompany her on any of the visits if they so wished. The dates will be shared with Directors.

CEO

Directors noted and approved the content of the report.

881. Re-Opening Update and Progress Report

Update on Leisure Active Membership Scheme

SU advised that there are currently over 10,000 live memberships which is a 20% decrease from March 2020. This is still within the retention strategy which anticipates a re-start of 50% of members on 14th September 2020. In order to address the drop in memberships, a number of new member campaigns will be introduced at the appropriate time to support retention targets. The engagement process with members started on 28th August and will continue as each venue re-opens and hopefully this will lead to members re-starting their Direct Debit payments on 1st November.

Update on Learn to Swim Programme

The Learn to Swim programme will be re-introduced on a phased basis in all centres and Direct Debit payment will re-commence on 1st November 2020. Encouragingly, only a small number of members have cancelled their Direct Debit payments and there are still 6,500 members within the scheme. The scheme will re-commence at eight venues on 12th October 2020 followed by the Beacon Leisure Centre on 16th November 2020. Direct Debit payments will commence from 1st November 2020 (1st December 2020 for the Beacon Leisure Centre).

Test and Protect

In order for the Trust to track customers' use of the gym, fitness classes, swimming and racket sport, customers must book on line through the website. The Trust will shortly be launching its first branded App which will allow customers to book online as well as track their workouts and access FSLT's website and social medial channels. Clubs have been contacted and asked to ensure that they have risk-assessed their activities and appointed a COVID Co-ordinator who will be the first point of contact for FSLT and NHS Scotland Test & Protect in the event of any reported positive test.

Staff Training

Over 50% of staff have now completed a Covid-related staff training package and the remainder will receive training whilst on furlough. All other staff will receive training before returning to the workplace.

Feedback on Synthetic Turf Pitches

Following measures set out by the Scottish Football Association (SFA) FSLT opened some of its STPs on 10th August 2020, however the SFA has now pushed this date back to 24th August 2020 due to high profile breaches of adult football nation-wide and this has had a major impact on bookings. However, junior groups have been able to return to Dalgety Bay Sports and Leisure Centre, Michael Woods Sports and Leisure Centre and Lumphinnans Sports Hub and Cupar Sports Centre.

Feedback on Clubs return to Pitreavie Athletics Centres

The outside track has been open for club use only since 5th August 2020 and all available time offered to clubs has been booked by them.

Directors noted the progress report.

882. Revised Business Contingency Management Plan

WW provided background to the lockdown of all FSLT facilities, including its headquarters, from 23rd March 2020. Over 400 staff were placed on furlough while 25 essential staff continued to work in order to maintain business critical duties. The Technical team worked hard to maintain all facilities to ensure they are ready for re-opening and carried out pool

testing, plant room testing, Legionella testing, building improvement work and made safe and reported any damage to facilities due to vandalism.

The Trust has now had time to reflect on actions taken during the pandemic and procedures are now in place should a similar shut down of facilities occur in the future or if a member of staff or a customer present with COVID-19. A comprehensive plan is contained within the report.

Directors noted the content of the report.

883. Proposal for Changes to Staff Terms and Conditions

LT presented the report which proposed in principle a change to terms and conditions of employment which would result in a significant cost saving to the Trust in the current financial climate. LT, supported by the CEO outlined the rationale for the proposal, the initial discussions with the Trust's lawyers on the feasibility of the proposal, and the position compared with other leisure trusts in Scotland. The work undertaken was at an early stage and the report had been brought to the Board to ascertain whether it was in agreement with the principle of the change. The CEO advised that it was a difficult decision to make but needed to be considered in light of the underlying financial deficit. and the requirement to make efficiency savings to bridge the gap that any saving identified should be considered.

LE raised some concerns and the CEO agreed to meet separately with LE to go through the information in detail and present further information back to the Services and Operations Committee. LE also raised that an Equalities Impact Assessment should be completed and placed before Directors for review before any proposal was accepted.

CEO

The Chair suggested that an Impact Assessment be prepared and discussed fully at the next Board Meeting.

The Board rejected the proposed approach to changes in the terms and conditions of employment and remitted the CEO to prepare an impact assessment for scrutiny at the next Board Meeting.

CEO

884. Any Other Business

Items for Noting:

884.1 External Audit Timeline

VW updated Directors on the delay by the External Auditors to undertake the audit for 2019/20, mainly due to COVID-19 and the pressures on audit timetables nationally. OSCR, Companies House and Audit Scotland are aware of these issues and have relaxed statutory timetables to allow audits to be undertaken without compromising quality. This delay has also affected Fife

Council whose own accounts will not be signed off until November.

The fieldwork for the FSLT audit commenced on 31st August 2020 for a period of two weeks and a further period thereafter will be required for the report to be submitted to the Governance and Compliance Committee. To allow for this, it was proposed that the date of the Annual General Meeting and Board Meeting be postponed until 15th October 2020 and this will be confirmed at the next Board Update meeting on 24th September 2020. Directors were asked to hold both dates in their diaries.

VW

884.2 Be Active Fife

VW provided a brief background on the creation of the BeActive Fife Community Interest Company, which is not currently trading, and a dormant set of accounts will be prepared for approval by the Company Directors and submitted to Companies House. The 2020 AGM and Board meeting date will be moved to a date closer to that of the FSLT Board and AGM Meeting at which time a review of the Board's composition will be re-visited along with a revised date for the company to go live. A review paper will be brought to the Board to discuss this further.

VW

VW advised that an assessment will be made for the 2020-2021 financial year to identify what will be the most financially beneficial position for FSLT as a whole going forward and this will be reviewed by the FSLT Board. If due to the closure during COVID-19 the income assessment is below £50,000 for the financial year then the company should remain dormant for the rest of the financial year.

VW

884.3 Committee Meetings

The Chair and CEO agreed to discuss Committee membership and items to be reviewed and scrutinised by Committees prior to presentation to the Board.

**CEO/
Chair**

885. Date of Next Meeting

Thursday 24th September 2020, commencing at 3.30pm via MS Teams.

Signed _____
Chair

Date _____