

Fife Sports and Leisure Trust

Minute of the Virtual Meeting of the Board of Directors for Fife Sports and Leisure Trust held on Tuesday 29th September 2020 at 3.30pm via Microsoft Teams

Present: R Campbell (Chair)
J Hamilton (JH)
E Wallace (EW)
C McDonald (CMcD)
K Caldwell (KC)
P Gulline (PG)
A Suttie (AS)
L Erskine (LE)
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

886 Welcome and Apologies

The Chair welcomed everyone to the meeting. Apologies were received from Darren Watt.

887. Declaration of Interests

None declared.

888. Minute of the Board Meeting held on 2nd September 2020

The Minute was approved and the Chair was authorised to sign it after minor amendments - KC to be added to list of attendees and typo in 883 to be corrected (change 'quality' to 'equality').

CB

889. Matters Arising

867. Voluntary Early Release Arrangement Policy

CEO to arrange meeting with LE to discuss.

The CEO met with LE on 11th September 2020 to explain the rationale behind the proposal.

869.4 Management Fee v Generated Income

CEO to update Directors once further benchmarking information available.

This item will be tabled for discussion at a Governance and Compliance Committee meeting later in the year.

877. CEO Report

CEO to update Directors on the financial position once further information is available.

No further updates on national funding opportunities are available at the moment and Directors will be updated on the financial position once further information is available.

878. Update on Letter of Comfort

CEO to write to FC to request delay in signing-off of the accounts.

FC asked Audit Scotland for a completion date, although audit Scotland could not able to provide a definitive date they indicated that they are looking to close off the Fife Council (FC) accounts before the end of October. As a consequence, FSLT accounts need to be submitted by mid-October 2020.

LE joined the meeting at this point.

Advice from OSCR – reporting requirements to OSCR and their timescales are set in charities law and cannot be changed, however they will be flexible and supportive in their approach to regulation. There is an understanding that it may be difficult to meet filing deadlines but they will not penalise charities for this, however deadlines should be met if able to do so.

It was therefore proposed that the AGM be moved to 22nd October 2020. FC has amended the letter of comfort to reflect the change of date for signing of FSLT accounts and has given an assurance that it will support the business for the foreseeable future and at least until 31st October 2021.

The Chair updated Directors of the suspension of the Wrongful Trading Act up to 30th September 2020 and asked them to consider carefully the content of the letter and their agreement to sign off the accounts as a going concern. All accepted the letter from FC in good faith.

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

CEO to send Directors the schedule of planned visits to sites prior to opening.

Directors advised to contact CEO if they wish to co-ordinate a visit to any of the centre.

883. Changes to Terms and Conditions Report

CEO Full Impact Assessment to be carried out. CEO to meet with Linda to discuss further.

An impact analysis was presented to the Governance and Compliance Committee on 15th September 2020 following which an Equality Impact Assessment template has been developed for use if the proposal is approved and taken forward. No decision has yet been made to implement the proposal. Item discussed in detail later in the main agenda.

884.1 External Audit Timeline

VW to provide update to Directors on 29th September.

This item was covered in detail later on in the main agenda.

884.2 Be Active Fife

VW to produce a review paper to be considered by the FSLT Board.

Due to work on the external audit and other emerging issues this will be held over to a future Board meeting.

884.3 Committee Meetings

Chair/CEO to discuss Committee membership and items for review by Committees before presenting to Board.

It was proposed at the Strategy Committee held on 11th September 2020 to invite Peter Gulline to join the Committee. Directors unanimously approved the appointment. Brian Thomson was invited to join the Governance and Compliance Committee, however due to other work commitments he is unable to do so. There therefore remains a vacancy on that Committee.

890. Chairman's Report

The Chair reported that since the last Board meeting he has had several meetings with the CEO, attended a meeting of the Strategy Committee and a meeting with the FC Co-Leaders, CEO and Council Officers. This meeting was reported later on the in agenda. The Chair has also been keeping abreast of any external advice/issues which may affect the business.

891. CEO's Report

The CEO advised Directors that the main focus for the Executive Management Team at the moment is the re-opening and recovery of the business, together with the preparatory work to position the business for the transformational change and meeting the budget challenges ahead.

The CEO updated Directors on the outcome of a meeting which the CEO, Chair and Vice Chair attended on 21st September 2020 with FC's CEO, the Co-Leaders, Senior Officers and local Councillors to discuss the brief from FC for the Trust to contain costs for this financial year and to produce a sustainable model for delivery in 2021/22.

At the meeting FC requested that FSLT place on hold any changes to the workforce until December to align the workforce change plans with the outcome of FC's sport and leisure service reform agenda. FC will fund costs incurred by delaying any changes and noted this could potentially increase the Trust's deficit for 2020/21. It was also agreed to integrate the financial review along with the sport and leisure service reform outcome in December, and the amended letter of comfort reflects this.

The reduced opening hours model will continue from 1st November 2020 until the reform outcomes are agreed and implemented. There will be staffing implications post-furlough (end of October) and the challenge will be how to re-purpose and re-use staff skills sets within the business. Staff will be offered wider re-deployment opportunities within FSLT and within FC if necessary.

Directors scrutinised and asked questions on the report which were answered by the CEO, with the exception of a request by LE to provide an amount incurred in solicitors fees for legal advice, which will be collated and reported back to Directors

Directors noted the report.

892. Job Support Scheme

VW provided an overview of the Government's newly-released Job Support Scheme which is not a replacement for the Furlough scheme. In this scheme the employee will suffer detriment. The main points of the scheme are:

- Employees can go on and off the scheme (but minimum period of 7 days at a time)
- Worked hours – employer pays (must be a minimum of 33%, after three months this minimum may be increased)
- Hours not worked – Govt pays one third, employee suffers one third reduction, employer pays one third and all pension and national insurance costs
- Expectation is that employers cannot top up to cover the employee's contribution
- Employee cannot be put on notice of redundancy or made redundant during any claim period
- Grant can only be claimed once employee has been paid and reported to HMRC in the real time information return
- As before, arrangements must be agreed with staff, contract changes made by agreement and notified in writing
- Implies that it can be any staff not just those who have previously been furloughed
- Scheme period 1/11/20 – 30/4/21
- Can still claim the furlough bonus scheme

JH joined the meeting at 4.20pm

Following advice provided in a webinar by the company solicitors it was learned that unlike the Furlough scheme, the Job Support Scheme will

not pay for staff on maternity/paternity leave, adoption support leave, long term sick or zero hour contracts. It would be difficult for the Trust to implement the scheme.

JH enquired if there was any view on the value of the retention bonus. VW responded that this was potentially £250k but no real guidance available at the moment. The CEO added that the announcement of the Job Support Scheme arrived after the meeting with FC on 21/09/20. Assurances were given at that meeting that staff would not be in detriment and would continue to receive 100% of their salary. This new development will be discussed at a meeting with FC on 06/10/20 to clarify that if staff are not to be in detriment then FSLT should not be accessing the scheme. The outcome will be reported back to the Board.

**VW/
CEO**

LT advised that a joint statement issued from the Trade Unions, ACAS and CBI favoured more part-time jobs rather than losing full-time jobs. Their statement also indicated that the Trust might not qualify for the scheme as the Trust cannot demonstrate a reduction in the workforce.

893. Committee Business Report

The CEO advised Directors of business discussed at the Strategy Committee meeting held on 11th September 2020 and at the Governance and Compliance Committee meeting on 15th September 2020.

FSLT Recovery Plan Development

The CEO reported that the Strategy Committee discussed the renewal of the FSLT Business Plan which under normal circumstances would extend to a three-year period. However, given the ongoing pandemic and the current uncertain business climate, the Committee recommended a one-year plan. The plan's main focus will be on the recovery of core services to pre-Covid levels and the creation of a sustainable model for the business. The uncertainty of the future impact of the pandemic on the business model, the projected financial deficit as well as the outcome of the sport and leisure service reform agenda in Fife, make the recovery modelling more complex. However, the plan will be flexible and will be updated to reflect any changes to the business environment. Further updates will be considered at future meetings of the Strategy Committee and then presented to the Board.

Covid Reopening Learning – Community Leisure Baseline

The Governance and Compliance Committee considered a briefing note from Community Leisure UK which examined data from 26 members in their first two weeks of re-opening. Overall, demand was much lower than expected when taking into consideration the reduced Covid capacity. The figures varied greatly between Trusts, however swimming numbers were generally below 50%, gyms 11%-60% and fitness classes proving to be the most popular with up to 80% uptake.

All Scottish leisure Trusts have re-opened on reduced opening hours and not all Trusts have opened all of their facilities. FSLT is one of the

few in Scotland committed to opening all centres and capacity is obviously limited due to Covid. JH remarked that this could be a good marketing opportunity.

BT enquired if the aim of the Recovery Plan was to return to pre-Covid levels after one year. The CEO confirmed that this was the aim from January 2021. Prior to the pandemic in March 2020 the business was growing, particularly in terms of the Learn to Swim Programme which was one of the biggest in Scotland and the business has the capability and capacity to recover. The plan will be presented to the Board this year and will outline a very clear strategy on plans for recovery and will include options for those centres where it is impossible to maintain physical distancing.

CEO

JH enquired what the revenue model looks like. The CEO responded that this will be influenced by FC's service reform agenda which could lead to new opportunities for the business.

The CEO will issue Directors a copy of the PowerPoint slides presented during the meeting.

CEO

Directors noted the report, including the minutes of the meetings and the approach to the Business Plan in taking forward a one-year Recovery Plan with updates on its development being reported to the Strategy Committee and subsequently presented for Board approval. Directors also noted the baseline position and re-opening learning provided by Community Leisure UK.

894. A Strategic Framework for the Delivery of Physical Activity, Sport and Leisure across Fife

The CEO presented a report which was considered by the Strategy Committee at its meeting on 11th September 2020 and provided background on the integration and joint planning work which took place between FSLT and Fife Council (FC) last year (put on hold during the pandemic) to create a strategic framework for the delivery of sport and leisure across Fife. The aim is to create an integrated approach to the use of community use and FSLT's facilities to potentially create a sustainable model for the future.

A report was considered by FC's Community and Housing Services Committee at a meeting on 31st August 2020 and many issues were identified. The main challenge is the budget and the current deficit, also duplication and gaps in the service provision, inconsistent operational procedures, lack of co-ordination of financial and performance information, fragmented pricing and programming that is not always co-ordinated. The aim is to provide a range of activities based on local community needs within the seven area communities and place them in the most appropriate facility. FSLT and FC officers have been looking at all venues and activities to see what is available and the best fit financially and beneficial to customers. The reform timeline is tight with an expected option appraisal of sustainable operating model for Trusts and Community Facilities to be complete by December. A pilot area will be tested in Cowdenbeath.

Full details were provided within the report which included a report from FC's Community and Housing Services Sub Committee.

Directors noted the content of the report.

895. Business Model from 1st November 2020

WW advised Directors that it was agreed at the Strategy Committee held on Friday 11th September 2020 that a report be presented to the Board to consider a proposed business operating model from 1st November 2020 and out lined the various considerations that require to be taken into account post-CJRS and with the limitations of the Job Support Scheme.

Directors discussed the proposal, noting the report and that feedback was required from Fife Council to assess the position fully, and the impact on staff and associated risks. Directors agreed to a continuation of the reduced hours operating model from 1st November 2020 and remitted to the CEO to provide an update on the FC position and funding support to the next Governance and Compliance Committee.

CMcD left the meeting during this item..

896. Voluntary Early Release Arrangement (VERA) Update Report

The CEO introduced the report which was presented to the Governance and Compliance Committee meeting held on 15th September 2020 which recommended approval of an amendment to the policy in relation to pensions legislation. She stressed that the policy has not yet been fully implemented but Directors' approval is required if the policy is required to be utilised.

Directors approved the proposed changes to VERA Policy as recommended by the Governance and Compliance Committee.

BT left the meeting at this point.

897. Changes to Terms and Conditions Report

The CEO introduced the report and provided further background on the rationale for the presentation and provided a recap of the discussions at the previous meeting.

LT provided further detail in terms of the impact analysis for the change, the legal implications had been assessed by the Trust's legal advisors and advised that consultations would be required with the trade unions should this proposal go ahead. Further information was also provided on the position of other trusts and leisure providers in Scotland.

The Trust's legal advisors have clarified that it is not a legal requirement for the Trust to complete an Equalities Impact Assessment and LE questioned this as it was a statutory requirement for Fife Council.

LE was concerned that the proposal was premature, given the Council's assurance of underwriting the deficit. The CEO explained that the proposal needed to be considered due to the magnitude of the anticipated saving and the requirement to agree a sustainable financial model going forward for the Trust and this is a viable option to put forward to maintain core services and keep open as many facilities as possible. These are not solutions which Trust want to present but preparation work has to be carried out to assess the full impact of the change and this is for inclusion in the overall efficiency plan which will be presented to the Council for consideration. LE suggested the proposal needed to be considered in the context of a whole package of savings.

The CEO agreed to bring back a menu of options to the Governance and Compliance Committee in the first instance for further presentation to the Board.

CEO

898. Audited Accounts Update (Incorporating AGM Report)

VW advised Directors that the audit is reaching completion with just a few minor issues to be resolved around the wording of the annual report and the accounting policy. The budgets and cash flow for 12 months have been submitted, however this is difficult to predict due to the current climate. Once the Audit Management Report is received by w/c 06/10/20 it will be presented to the Governance and Compliance Committee for scrutiny and then to the Board for sign off at the AGM.

VW referred to the AGM Report and proposed that the Governance and Compliance Committee be held on 15th October 2020 with the AGM on 22nd October 2020 to allow sign-off of the accounts.

Directors confirmed their agreement of the revised date for the AGM, remitting to the CEO to make the necessary arrangements and advise Fife Council that their representative is required to attend as the sole member.

VW advised that there are no Independent Directors due to be re-appointed this year.

The Chair left the meeting at this point.

VW provided background re the position of Chair. RC had agreed to cover the remainder of the previous Chair's tenure as Chair which will end at the AGM this year. In terms of where the Trust is at the moment, it was proposed, due to RC's wealth of experience and knowledge, to re-appoint him as Chair to the end of his tenure as a Director at the end of the AGM next year.

LE proposed and AS seconded the proposal. Directors unanimously agreed to the continuation of the Chair's appointment for a further year.

The Chair returned to the meeting.

The CEO advised the Chair of the unanimous decision by the Board to re-appoint him as Chair. He thanked the Board for their vote of confidence and assured them of his commitment to the post.

VW will circulate the updated Letter of Comfort to Directors.

VW

899. Operations Recovery Update Report

SU updated Directors on the development of a dashboard which clearly tracks weekly performance figures at a glance. It provides information received from the customer survey and allows a review of KPIs on how the centres are performing. This has been implemented since the first phase of re-opening on 14th September 2019 therefore there were only two weeks' of data available to compare. Benchmarking was put in place in March to measure customer satisfaction, ease of doing business with the Trust and the net promoter score.

In week 2, customer satisfaction scored 82%, customer effort 1.4 (easy) and net promoter 78%. Customers have also been asked for their views on Covid and 99% are satisfied on arrival at a centre, 99% felt that there were adequate physical distancing and health and safety measures in place in their chosen activity and 97% said that staff were helpful and well-informed about how the physical distancing and health and safety measures should be implemented. The staff are commended for this.

Paused Leisure Active Memberships across the 6 centres which have opened so far are being closely monitored, however all other KPIs are on target.

Normal weekly footfall across all centres is approximately 50,000 and in the two weeks with 6 centres open 16.5% was achieved on reduced operating hours and reduced services. When swimming lessons return on 12th October 2020 it is hoped to achieve 30%.

The main activities on offer during Covid are public swimming, gym and fitness classes and the uptake has been 36%, 37.5% and 54% per hour respectively for these activities. All three areas have seen an increase on the previous week which was the first week of re-opening. This has demonstrated an increase in customer confidence.

Income and recovery tracking will be added to the dashboard once the Direct Debits start to be paid at the start of November. The dashboard will be updated on a weekly basis and will be available for Directors and staff to view.

CEO

The CEO advised that she is working on a Performance Management Framework which will be tabled at the next Governance and Compliance Committee meeting. It will link financial governance, KPIs and operational KPIs and will be aligned with the recovery plan.

CEO

900. Risk Matrix Update Report

WW updated Directors of the top 5 business risks which have been identified due to the pandemic which will require a key focus and action to ensure the future sustainability of the business. The risks are:

1. The inability to generate income to the levels of pre COVID-19 due to physical distancing. Hopefully this will be reduced to 1m to allow further capacity.
2. Closures of Centres due to further lockdown measures. This is a particular concern given the number of universities which have been shut down completely.
3. Inadequate Management Fee from Fife Council from 2021 onwards. It could take three years for the business to recover fully.
4. Staff Redundancies. The reputation of the company could be damaged due to changes to staff terms and conditions.
5. Inability to deliver the current programme of efficiency savings.

901. Any Other Business

901.1 Update on Key Project Delivery

The CEO referred to information contained within the Board pack relating to the key ongoing projects which was discussed at a previous meeting of the Governance and Compliance Committee.

Directors were happy to note the content.

901.2 The Chair thanked all for their attendance and advised that it may be necessary to continue with further Board meetings on a monthly basis.

902. Date of Next Meeting

Thursday 22nd October 2020 3.30pm - 5.30pm to include the Annual General Meeting.

Signed _____
Chair

Date _____