

**LIVE ACTIVE LEISURE LIMITED BOARD  
MINUTES OF THE MEETING OF THE BOARD OF LIVE ACTIVE LEISURE  
Held on Thursday, 8<sup>th</sup> February 2024 at 5.00pm, Dewars Centre.**

**Present:**

Company Directors

Mr D Maclehose, Mr I Collins(Teams), Councillor B Leishman, Councillor B Brawn(Teams), Councillor S Carr, Dr D Carey, Mrs L Scott, Mr D Mckelvey

Company Officers

Mr P Cromwell (LAL Chief Executive Officer), Mrs D Gaffney (LAL Head of Corporate Support Services) Ms Victoria Haston – (LAL Head of Finance), Mr G Watson (LAL Director of Operational Services), Mr A Brown (LAL Head of Contracts & Compliance), Miss G Edwards (LAL Board and Committee Administrator)

PKC Officers, Mrs F Robertson, Mr T Glen PKC CEO.

Mr D Maclehose in the Chair

1 **Apologies**

Apologies were received on behalf of:

PKC Officers, Mrs K Johnston.

2 **Declarations of Interest**

Directors were reminded of their statutory duty to declare any financial and non-financial interests they may have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest, in accordance with the Conflict-of-Interest Policy.

Mr D Mckelvey declared an interest in the discussion about Bells Sports Centre due to his employment with Scottish Gymnastics.

Please Note: The order of the agenda items were amended at the meeting, and proceeded as follows:

**Mr I Collins joined the meeting on Teams.**

**7.3 Bell's Sports Centre – Options Appraisal**

The Chief Executive Officer presented the report which provided;

- Finance and Performance Information on the wider Company and by activity at Bell's Sports Centre.
- Overview of the Company's Reserves position, and allocations. Circa £5.2M
- The Company's Asset Management investment requirements £5m over the next 5 years. Bells' £1.1M costs within.
- Energy Efficiency investment estimates to meet national targets circa £15M, Bell's £4.2M costs within.
- The ongoing risk of surface water flooding at Bell's which remains uninsured and unmitigated, detailing that the Company had experienced a previous major flood event with significant damage at both Bells and Perth Leisure Pool in August 2020.

Experience ○ Investment ○ Opportunity ○ Commitment

- Summary of key actions from PKC Leisure Asset Review agreed by Council on 22<sup>nd</sup> January 2024, including recommended actions relating to PH20.
- an independent options appraisal report which provides detailed analysis and the strategic appraisal for the future of Bell's Sport Centre considering its current operational challenges, financial performance, sporting and usage impact and cognisance of the strategic objectives of Perth and Kinross Council.

The CEO, provided detail on the options contained within the report, which were as follows:

Option	Description	Net Expenditure v Baseline	ROI	Capital Costs
1, Full Closure of Bell's and Relocation of Fitness to Dewars Centre	<ul style="list-style-type: none"> <li>• Full closure of BSC</li> <li>• Gym and group exercise classes relocated to Dewars Centre</li> <li>• Loses Bowling, events and dry side activities</li> </ul>	£321,822	3 years	£902,277
2 Reinstatement Bell's in Full	BSC would be fully restored to pre-closure operating status.	-£12,936	N/A	£1,968,047
3, Reinstatement Bell's in Part	<ul style="list-style-type: none"> <li>• Gym and group exercise classes fully reinstated</li> <li>• Arena reinstated with 8-10 courts</li> <li>• Squash retained 1-2 courts</li> </ul>	£17 653	92	£1,630,175
4, Reinstatement Bell's in Part with relocation of Fitness to Dewars Centre	<ul style="list-style-type: none"> <li>• Move gym and fitness classes to Dewars Centre</li> <li>• Arena reinstated with 8-10 courts</li> <li>• Squash retained 1-2 courts</li> <li>• Loses bowling and events</li> </ul>	£170,155	13 years	£2,185,537
5, Wild Card – Reinstatement Bell's in Part with Relocation of Fitness to a non-LAL facility	<ul style="list-style-type: none"> <li>• Locate fitness facilities at non-LAL facility</li> <li>• Arena reinstated with 8-10 courts</li> <li>• Squash retained 1-2 courts</li> </ul>	-£62,477	N/A	£1,585,537
6, Reinstatement Fitness Only at Bell's	<ul style="list-style-type: none"> <li>• Only reinstate the gym and fitness classes at BSC</li> </ul>	£99,383	10 Years	£1,004,667

Experience ○ Investment ○ Opportunity ○ Commitment

The CEO confirmed that Option 1 was recommended by the consultant as the primary approach, with Option 4 as the secondary consideration. The options report details revenue impact but excludes any potential redundancy costs. The Company remains committed to retrain / redeploy any impacted staff.

It was confirmed that, working with PKC officers, the Company have made every effort to accommodate and relocate existing sports clubs and activity at alternative Perth City locations for the current sporting season, however, there are circa 19 clubs that do not have a permanent location. Mr A Brown confirmed that to understand what additional activity can be relocated, beyond that which has been achieved, will require a different approach to the current management and mapping of provision across the sporting estate in Perth City, this will require a review of the approach by both LAL and PKC on priority provision, charges, booking processes / terms and condition. It will also be necessary to have further engagement with clubs and customers given the high likelihood of reduced sportshall availability.

Mr T Glen confirmed that PKC are committed to working with LAL to move forward with this process, and that he wished to take the opportunity to attend the Board meeting to ensure that the Council's position on Bell's was made clear and to reiterate previous communications which have been shared with the Company Chair including;

- That it is the Board's legal duty to act in the best interests of the charity including its long-term financial viability.
- That the Council made a decision as of 22 Jan 2024 to consolidate the Perth city Leisure offer.
- The fact that full reinstatement of Bell's comes at an estimated cost of 2.5M, currently unfunded/unbudgeted for and not recoverable through insurance.
- That the Board must be satisfied it has all the relevant information and detail to make an informed decision on the options appraisal.
- The large operating loss at Bell's and the Company's wider financial position.

Mr Glen also commented that Bell's is leased from PKC which means ultimately the decision on its future is for PKC as landlord, owner and sole member of LAL.

Mr T Glen stated that PKC officers could not support any reinstatement of Bells Sports Centre as this was a building that would close in a few years and in addition it continues to be at risk of significant flood impact. Option 1 would be the only option that PKC would be able to support, and that health and fitness offer should be available at Dewars as soon as possible.

The LAL Chief Executive explained that it will still be necessary to plan the transition of the existing bowling hall to a fitness facility given that it was currently mid-season and that there were also confirmed events bookings scheduled to take place in the hall.

Mr T Glen and Mrs F Robertson left the meeting.

The Head of Finance presented the figures for options 1, 3 and 4. 3 was included as a comparison. These are up to date figures based on 80% of membership income, new staff rates of pay and the assumption that there would be no property costs at Bell's. Option 1 is the best financial option, in the modelling for option 4 the predicted operating loss would be such that, if reserves were used to support the revenue position, they would be depleted before PH20 is scheduled to open.

Further discussions included the following:

- It is anticipated that there will be no change to the PKC contract fee, beyond the existing potential reductions as agreed by council in 2023, if Bell's Sports Centre does not reopen.
- The development of PH20 is ongoing, with the business case to be developed and considered by council in August 2024. There will be a review of site location, and whether it is a new

build or refurbishment of existing facilities. There is the potential that the gym and fitness offer will be impacted when PH2O work commences. It was confirmed that the gym equipment and flooring would be able to be moved to another location in this scenario.

- Discussion around the pay back periods for each option as detailed in the report. Option 1 delivers a 3 year ROI.
- It was recognised that Option 1 leaves a gap for dry side activities, although work will be completed to improve the mapping of sportshall activity across the wider Perth sporting facilities, indoor bowling will cease and there are no alternative squash facilities in Perth city, with courts only available in Crieff, Kinross and Aberfeldy.
- The Company are an associate employer of PKC so it is hoped that support will be provided to the Company in relation to any staff impacted.
- The contractual formalities of not re opening Bell's Sports Centre and transitioning activity to Dewars was discussed, with confirmation that decisions on Bell's will require council consent. Decisions around activity change including the cessation of indoor bowling are within the authority of Directors.

Directors were satisfied that the information provided by the Chief Executive and SMT was detailed and appropriate, that there has been a robust conversation and debate around the options and their impact, and that the Board were able to make clear and informed decisions on the proposals.

#### **Resolved:**

1. Directors agreed to progress option 1 , for this to be presented at the PKC budget review group on Monday 12<sup>th</sup> February 2024, the forecast budget for option 1 to be presented along with a comparison with Option 4 to demonstrate the financial variation and the impact on activity
2. Directors agreed to progress procurement of Fitness related equipment circa £300K (Fitness included in all options detailed)
3. Directors agreed for updates to be provided to Sports Scotland / Gannochy Trust
4. Directors agreed for SMT to develop Communications/Engagement Plan, progress contractual formalities with PKC
5. Directors agreed to the next Board meeting being rescheduled if necessary to align with PKC Budget Meeting.

#### 3 **Minutes**

The minutes of the Board meeting on 14<sup>th</sup> December 2023 were approved.

#### 4 **Matters Arising**

**Blairgowrie Recreation Centre** – the presentation regarding the update on this project will now be presented at a future board meeting.

**Bell's Sports Centre flooding impact** – on the agenda, item point 7.3

**PKC Leisure Property Asset Review** – on the agenda, item point 6.1

#### 5 **Verbal Updates**

##### **Finance and Governance Committee**

The Head of Finance presented the draft financial report for December 23.

The main points of the report were:

- Customer generated income was 87% of budget for December 23, YTD is at 102% of budget. All venue usages for December 23 were 56k, compared with 59k for the same period in the previous year.
- During December there was a net member loss of 253. At the end of the month there were 2862 members, 76% of our peak in March 2020. Membership income at £78k continues to fall and in December was 72% of the pre-flood level. It is expected that this will fall to around 68% of pre-flood membership income - approximately £73k per month.

- The Company continues to benefit from elevated income investments with the higher interest rates, this is a material change from budget.
- Staff costs for December are 102% of budget and year to date are running at 95% of budget. Bell's staff costs for December continue to fall to £57k.

Based on the draft position to December 2023, the company is still performing ahead of the budget deficit of -£630K. Year to date we have a deficit of -£239k against a budgeted deficit of -£655k. As positive as this is, the impact of the Bell's closure is anticipated to affect the deficit in the remaining three months.

## 6 Reports for Information

### 6.1 Company Projects

The Director of Operational Services gave an update on the Company's current projects:

- Live Active Blairgowrie Replacement Development (Blairgowrie Recreation Centre) which is being delivered by Perth and Kinross Council. The Company is represented on the Project Board providing design development input through the various project teams.
- PKC Transformation Review of Leisure Assets. This report was presented to Perth and Kinross councillors on 22<sup>nd</sup> January 2024 and includes key actions on the PH20 project, transition planning, investment planning relating to facilities in Crieff and Kinross.
- The review of Perth & Kinross Council's arms- length delivery models for culture and leisure. This report was approved by Council on 6<sup>th</sup> December 2023. Includes key actions around the consolidation of corporate services and improved collaborative working.
- Bell's Sports Centre Flood Damage (separate options appraisal report)

### 6.2 Core Venues – Ownership /Lease Arrangements

The Chief Executive provided an update on work instructed with Thorntons Legal Services to review the Company's 'Core' venue asset titles and lease arrangements and obligations. The review confirms that the Company own Dewars Centre / Live Active Loch Leven / Perth Leisure Pool, with some restrictions. It also confirms that the Company lease Bell's Sports Centre / Live Active Atholl ( Pitlochry) / Strathearn Recreation Centre from Perth and Kinross Council.

This has been agreed by Perth and Kinross Council.

It was essential that the Company had clarity around the ownership and lease arrangements for the Company's 'Core' leisure venues. This information will support informed discussions around future projects and decisions, including the development of PH20.

## 7 Report for Decision

### 7.1 Board Committee Representation

The Chief Executive gave an update on the Directors Committee representation as a result of recent changes to the Company's Board of Directors. The Company's Committee structure plays a vital role in the effectiveness of the Board, Directors are appointed to the various committees based on a range of factors including skills, experience and abilities. Mr D McKelvey and Dr D Carey have been added to the Services and Communication Committee with Dr D Carey becoming the Chair of this committee.

#### Resolved:

Directors all agreed to the updated committee representation.

### 7.2 Q3 Finance and Performance Report

The Head of Finance gave an update on Company's performance for the period 1 October 2023 to 31st December 2023.

The key points were:

Experience ○ Investment ○ Opportunity ○ Commitment

- Operating income for the quarter is 87% for the period and 88% of Q3 in the previous year. This reflects the closure of Bell's Sports Centre and temporary closure of Perth Leisure Pool.
- Compared to Q3 of the previous year
  - Pay and Play/ Booking income is 77%.
  - Casual swimming at Perth Leisure Pool is 78%
  - Income from direct debit swimming lessons is 17% up
  - income from direct debit fitness memberships was 22% up.
- YTD staff costs are at 95% of budget. This reduction reflects savings due to the closure of Bell's Sports Centre and the redeployment of staff.

There has been no changes to the reserves since the last board meeting and the total uncommitted reserves remain at £5.3m. It looks unlikely the Company will need the full amount of provision set aside for the 23/24 deficit from the general reserve.

The Head of Contract and Compliance presented the KPI's for the quarter with the key points being:

- Two significant events had a material impact on the usage figures, and indeed the overall company performance in Q3. These were the flooding at Bell's Sports Centre at the start of the quarter and the temporary closure of Perth Leisure Pool at the end of October, extending into November due to the contamination of Pool water.
  - almost all other venues have shown improved usage performance when compared with 19/20
- Overall Attendances at LAL Venues and Services (non-venue activity) for Q3 = 223,276 – this is a decrease of 12% on Q3 last year and a decrease increase of 21% on 19/20. Year to date there has been a decrease of 4% compared to 19/20 but an overall increase of 16% on last year across all venues and services which is positive.
- Total Venue Attendances at 212,412 – this is a decrease of 13% on Q3 last year and 15% on 19/20. Year to date overall venue attendances are 15% ahead of previous year and broadly similar to 19/20 Levels.

The overall financial position of the group at the end of quarter was a deficit of -£244k, against a budgeted position of -£595k. This is in line with of forecasted year end deficit of -£334k.

**Resolved:**

Directors approved the content of the report.

8 **AOCB**

**PKC Scrutiny**

The Chief Executive and Chair attended the PKC Scrutiny Committee with the other two ALEO's, an update was given on the contribution to the Sport Strategy, Active Schools and the Carbon Reduction plan.

**Nominations Committee**

Two further candidates will be interviewed on Monday 19<sup>th</sup> February.

9 **Date of Next Meeting – TBC**

**NOTE: TEXT IN RED IS CONSIDERED TO BE CONFIDENTIAL OR COMMERCIALY SENSITIVE INFORMATION AND WILL BE REDACTED FROM THE MINUTES POSTED ON THE COMPANY'S WEBSITE.**