

## **LIVE ACTIVE LEISURE LIMITED**

### **MINUTES OF THE MEETING OF THE BOARD OF LIVE ACTIVE LEISURE HELD IN THE HAY SUITE, DEWARS CENTRE, GLOVER STREET, PERTH ON THURSDAY, 21 FEBRUARY 2019 AT 5.15 PM**

#### **Present:**

Mr D Longmuir, Mrs M Colvin, Mr D MacLehose, Mr C Allan, Mrs L Scott and Councillors W Robertson, G Laing and B Brawn.

Mr P Cromwell (Chief Executive), Mrs F Cameron (Director of Finance), Mr G Watson (Director of Operational Services), Mrs D Gaffney (Head of Corporate Support Services), Mr A Brown (Head of Contracts & Compliance), Mrs G McShea (Head of Business Development) and Mrs H Fairweather (Board Administrator).

**In Attendance:** Ms F Robertson - Head of Culture & Community Services, PKC

Mr Longmuir in the Chair

Mr Longmuir thanked all the Political Parties for their support during the Budget process and thanked the Councillors on the LAL Board for their efforts in making LAL a prominent partner with significant cross-party support for PH<sub>2</sub>O and the Company's core remit.

#### **1 APOLOGIES**

Apologies were received on behalf of Mr M Robinson and Mr I Collins.

#### **2 DECLARATIONS OF INTEREST**

There were no other declarations of interest.

#### **3 MINUTES**

##### **3.1 Minutes of the Board Meeting of 13 December 2018**

The Minutes of the Board Meeting of 13 December 2018 were submitted, approved as a correct record and authorised for signature.

#### **4 MATTERS ARISING**

##### **4.1 Matters Arising Update/Actions Report**

- 4.1.1 Item 1 – Finance & Governance Committee – The Director of Operational Services reported the workshops with PKC to discuss the new contract and services required had been very positive with a one-year extension agreed.

4.1.2 The Joint Strategic Business Review is progressing with a meeting arranged with the Consultants for the following week.

4.1.3 Item 3 – Property & Environment Committee – The Director of Operational Services reported the Intrusive Property Condition Surveys are ongoing with a full report to be made available in June.

The Bell's Sports Centre Feasibility Study Draft Proposal had been received from the Consultants and had been sent to the Gannochy Trust and to the Property & Environment Committee Directors for their comments.

4.1.4 Item 10 – Horizon 2020 Project – The Director of Operational Services reported that the Company were no longer involved in this project and that it was now being taken forward by the University of Edinburgh.

4.2 Any Other Matters Arising  
There were no other matters arising.

## 5 REPORTS FOR INFORMATION

### 5.1 PROPERTY & ENVIRONMENT COMMITTEE UPDATE

A report by the Chief Executive Officer was submitted and noted for information to provide Directors with an update to the Board on the Property & Environment Committee Meeting held on Monday, 14 January 2019.

The Director of Operational Services reported the Property & Environment Committee had met prior to the Company attending the Council's Executive Officers Team (EOT) Meeting to provide further information with regard to the PH<sub>2</sub>O Project.

The Committee discussed the final Market Re-Evaluation Report received and the potential for reducing provision and project scope. The Committee generally agreed with the conclusions and recommendations of the report but that some of the detail required to be agreed. It was felt the EOT Meeting was very positive with continued support for the project however it was agreed further work was required to progress the project. The Council have agreed to support the project at its Budget Meeting and have provided funding of £500k for LAL/PKC to jointly progress the project to Stage 3. A joint press statement is to be worked up with the Head of Culture & Community Services. A date has been set in early March for a joint meeting to discuss the next stages for progressing the project and a potential timeframe. It was noted as this is now a joint project, new governance arrangements and a joint Project Board will require to be put in place.

The Chairman stated a vast amount of work had already been undertaken over the years and that a new refreshed Business Plan will now be required to take the project forward to design stage. The Chairman stated the support across the whole political spectrum was very welcome and that the Company will work with PKC to bring the project to fruition.

It was agreed PKC's Head of Property to be invited to the Board's next meeting in May to discuss and provide further information on the progression of the project to the next stage. It was noted PKC use HuBco to progress large projects.

The Chief Executive stated the Company was very grateful for the significant investment to take the project forward which was very positive and that a message of thanks is to be sent to the Leader of the Council and other political parties.

## 5.2 **DATA BREACH UPDATE REPORT**

A report by the Chief Executive Officer was submitted and noted for information to provide Directors with an update to the Data Incident that occurred in December 2018.

The Director of Finance stated a reportable incident had occurred within the Company's IT system which is managed by PKC in December 2018. A faulty disk in the PKC server farm was confirmed as the problem however when the disk was replaced it was discovered that the configuration of the designated server had been set up incorrectly when it was first installed approximately five years ago. The disk failure also caused data corruption which the Gladstone MRM database was unable to restore resulting in data loss from the 1-5 December. Fortunately, the Company's Data Systems Officer had managed to restore the majority of the information, which significantly mitigated the Company's loss of data.

A full investigation was undertaken by PKC with several improvement actions to be completed. The Company has since had various meetings with PKC IT Services to discuss the PKC Incident Report. Temporary hardware measures have been put in place until the LAL Server is reconfigured, with potential further downtime required to move the MRM Gladstone database over to the LAL server, which is scheduled to commence on the 25 February 2019.

LAL are now satisfied that the LAL server has been configured correctly and that the Company should never be in this position again. It was noted LAL and PKC's legal teams are in the process of finalising a Minute of Variation to update the core contract for the updated Data Protection Regulations and to ensure a robust Data Sharing Agreement is in place between the two parties. It was deemed that under the Data Protection Regulations the incident was recordable on the Company's Risk Register but not reportable to the Information Commissioners Office.

## 6 **VERBAL UPDATE**

### 6.1 **FINANCE & GOVERNANCE COMMITTEE UPDATE**

The Chief Executive reported a Finance & Governance Committee Meeting had been held on Tuesday, 19 February 2019 to discuss the impending PKC budget and any potential impact on LAL. In addition, the possibility of a pay award for 2019/20 was discussed.

The Director of Finance reported following consideration of a pay award for 2019/20, a 1% pay award for all staff was agreed. It was further agreed the HR Director and Head of Corporate Support Services should meet to look at potential pay awards going forward and the impact they might have on the Company's Pay & Grading Structure.

## 7 **CATERING REVIEW REPORT**

The purpose of this report is to provide Directors with a number of recommended changes to the Company's catering arrangements, to ensure future sustainability.

The Director of Operational Services reported the Catering Review had highlighted that the main pressures on catering are due to food and staff costs. Although the cafes have operated at a loss this financial year, it was felt LAL customers expect and require some form of catering to be made available.

The following efficiencies have been developed for consideration as follows:

- Procurement – It is recommended that Pelican Procurement Services be engaged to procure the best prices from suppliers with an anticipated saving of £26k per annum, along with some staff and labour efficiencies.
- Vending - It is recommended the Company's vending offer be moved to a fully managed vending service provided by an external Company which will provide for an efficiency of approximately £12K per annum.
- Coffee Offer – It is recommended an identified catering supplier who has offered to buy out the current equipment lease agreement and supply new machines at no cost to the Company and provide a premium brand coffee at a slightly reduced unit price would provide a potential saving of £5,700 per annum on supplies.
- Staffing – There is little scope to further reduce staffing hours within the current operating model however staffing will continue to be reviewed regularly with a small reduction to staffing levels should the vending proposal be accepted.

It was noted local suppliers can be recommended to Pelican Procurement Services and that healthy eating will remain high on the Company's agenda. Catering performance will continue to be monitored closely to ensure budgets and performance targets are achieved and will be brought back to the Board for consideration.

**Resolved:**

- (i) Directors agreed to the implementation of the following:
  - Engage Pelican Procurement Service
  - Transfer vending provision to fully managed service provider
  - Change café coffee provision and supplier
- (ii) Directors agreed the continued monitoring and scrutiny of the live catering units.

## 8 2019 CHARGES REVIEW REPORT

The purpose of this report is to provide Directors with a number of recommended changes to the Company's charges.

The Director of Finance stated that a proposed increase in charges was shared with the Board as part of the Company's budget proposals in October 2018 when it was agreed a 2½% increase across all charges should take effect as of 1<sup>st</sup> May 2019.

It was agreed the increase in charges should progress, but remain competitive, to allow Company facilities to be maintained to a good standard in order to continue to provide a good quality of service.

**Resolved:**

- (i) Directors agreed with the proposed increase in prices
- (ii) Directors agreed the proposed increase in charges be introduced from 1<sup>st</sup> May 2019

## 9 Q3 BUSINESS PERFORMANCE REPORT

A report by the Chief Executive Officer (LAL/19/03) was submitted and noted to provide Directors with an outline of the Company's performance for the Q3 period ending 30 December 2018.

The Director of Finance reported Q3 was slightly improved than at the end of Q2 which has helped improve the overall position. The Company is still forecasting to be behind budget at the end of the financial year and that expenditure will continue to be managed across the Company.

Membership income continues to grow with more programmes being developed in some of the rural venues with Les Mills virtual classes introduced which provides more variety and flexibility in delivery.

Challenges for the Company include storm damage at PLP which caused an unplanned closure in September, with a further closure required to repair the damage in October. The pool at Breadalbane Community Campus was closed for almost three weeks in December, prior to the holiday period, for maintenance by Mitie/PKC which the Company were unaware of and resulted in loss of income as the Company had to give members a free month. The Company have requested that they be notified of any planned maintenance for community campuses prior to this year's budget being set. In addition, there was an unfortunate incident at Strathearn Community Campus when a contractor damaged the sportshall floor, which may require a closure during the holidays, however the contractor has admitted liability and this is being progressed by the insurance company.

### **Resolved:**

- (i) Directors noted the financial performance for Q3.

Ms Robertson - Head of Culture & Community Services, PKC and Councillor Robertson left the meeting at this point.

## 10 2019/20 REVENUE BUDGET UPDATE DISCUSSION - CONFIDENTIAL

Enclosed separately.

## 11 ANY OTHER COMPETENT BUSINESS

- 11.1 Directors Recruitment and LAL Board Committee Structure – The Chief Executive Officer stated the remit for a new Director and review of the Board Committee Structure had now been undertaken and was being considered by the Chairman.

## 12 DATE OF NEXT LAL BOARD MEETING

Date changed to 2<sup>nd</sup> May 2019

**A MEETING of the LIVE ACTIVE LEISURE LIMITED BOARD  
will be held in the Hay Suite, Dewars Centre, Glover Street, Perth  
on Thursday, 21 February 2019 at 5.15 pm**

## **A G E N D A**

1 **Apologies**

2 **Declarations of Interest**

Directors are 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.

3 **Minutes**

- (i) Board Meeting of 13 December 2018 (copy enclosed)

4 **Matters Arising**

- (i) Matters Arising Update/Actions Report (enclosed)
- (ii) Any Other Matters Arising

5 Reports for Information:

- Property & Environment Committee Update
- Data Breach Update – **Late Paper**

6 Verbal Updates:

- Finance & Governance Committee Update

7 Catering Review Report – Report No LAL/19/01

8 2019 Charges Review – Report No LAL/19/02

9 Q3 Business Performance Report - Report No LAL/19/03 – **Late Report**

10 2019/20 Revenue Budget Update Discussion - **CONFIDENTIAL**

11 AOCB

- Directors Recruitment
- Committee Structure

12 Date of Next Meeting – 2 May 2019