

**LIVE ACTIVE LEISURE LIMITED BOARD
MINUTES OF THE MEETING OF THE BOARD OF LIVE ACTIVE LEISURE
Held on Thursday, 27th October 2022 at 5.00 pm at Dewars Centre.**

Present:

Mr D MacLehose, Mr I Blair (Via Teams), Mr D Longmuir, Mr I Collins(Via Teams), Mr C Allan, Councillor B Leishman, Councillor B Brawn(Via Teams).

Mr P Cromwell (LAL Chief Executive Officer), Mrs F Cameron (LAL Director of Finance/Deputy Chief Executive Officer), Mrs D Gaffney (LAL Head of Corporate Support Services), Mr G Watson (LAL Director of Operational Services), Mr A Brown (LAL Head of Contracts & Compliance), Mrs F Robertson (PKC) Mr D Stokoe (PKC), Miss G Edwards (LAL Board and Committee Administrator).

Mr D MacLehose in the Chair.

1 Apologies

Apologies were received on behalf of Dr D Carey, Councillor S Carr, Mrs L Scott, Miss E Muirhead

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.

There were no declarations of interest.

3 Annual Accounts and Report by Chairman

Approval of financial report and abstract of accounts for year to 31 March 2022 incorporating the Treasurers Report, Auditors Certificate and Chairman's Report.

The Director of Finance explained there had been a few changes made, either that had been requested or that were identified through the audit process. There were also a number of minor items noted under "Internal Controls" with the majority of these being due to changes within the finance team. A couple of these items were due to temporary arrangements put in place between LAL and PKC Campus teams as services returned from COVID, which have now reverted back to normal operating arrangements.

Resolved:

- (i) Directors approved the annual accounts

4 Live Active Leisure Board – Retiral of Independent Directors

In terms of Article of Association 54, two Independent Directors shall retire at each Accounts Sign-off Board Meeting, but each of them shall, providing he/she is willing to act, be eligible for re-appointment.

In terms of Article of Association 55 the Independent Directors to retire at each Accounts Sign-off Board Meeting, shall be those who have been longest in office since they were last appointed or re-appointed, if three or more Independent Directors were last appointed or re-appointed on the same date, the question of which of them are to retire shall be determined by some random method.

Mr D Longmuir, and Mr I Blair will therefore fall due to retire by virtue of their seniority. They are eligible for re-election.

Note:

- (i) The Council Members of the Board appointed by Perth and Kinross Council being Councillors B Brawn on 21 June 2018, B Leishman who was appointed on 23 June 2022 and S Carr who was appointed on 23 June 2022.

Resolved:

- (i) Mr D Longmuir and Mr I Blair were re-elected

5 **Appointment of Chairman***

The Board is required to appoint a Chairman of the Board in terms of Articles of Association 62-64.

Mr D MacLehose stepped forward for another year. No other nominations were received for consideration.

Resolved:

- (i) Mr D MacLehose was re-elected.

6 **Appointment of Vice Chair***

The Board is required to appoint a Vice-Chairman of the Board in terms of Article of Association 62.

Mr D Longmuir and Mr Chris Allan both stepped forward for another year. No other nominations were received for consideration.

Resolved:

- (i) Mr D Longmuir and Mr Chris Allan were both re-elected.

Note: *The Chairman and Vice Chairs appointed above will also serve as the Chairman and Vice Chairs of the Live Active Leisure Trading Board.

7 **Appointment of Independent Director**

Miss E Muirhead was put forward as a new independent Director. The Nominations committee have approved this, Miss Muirhead will bring a range of skills and experience to fill the current skills gap.

Resolved:

- (i) Miss E Muirhead was appointed as an Independent Director.

8 **Appointment of Auditors**

It is recommended that Azets, 5 Whitefriar's Crescent, Perth be reappointed as auditors for the financial year 2023/24.

The Director of Finance explained that this will go out to tender for the financial year 2023/24.

Resolved:

- (i) Directors agreed for Azets to be re-appointed as Auditors for the current year.

9 **Minutes**

The minutes of the Board meeting on 25th August 2022 were submitted and approved as a correct record.

10 **Matters Arising**

Publication of minutes

Redaction policy to be developed and submitted to Finance and Governance committee.

Active Schools Development

Further discussions with PKC colleagues are ongoing regarding the potential to improve coordination of volunteer recruitment.

Board Development

The Chairman commented that whilst it would be desirable to meet with Directors on 1:1 basis, given the time requirements to complete this, further consideration would be required.

Policy Development

Equality, Diversity and Inclusion Policy to be reviewed – draft policy to be presented to the Company Board at December meeting.

11 **Verbal Update**

Chairman's Update

No additional business to raise.

Finance and Governance Committee

Mr C Allan summarised the meeting from 20th October 2022 which focussed on September performance and the initial budget forecast and pressures for the financial year 2023/24. The Company Performance in September continues to indicate an end of year deficit between £300 and £800K, income for the month at 87%, staff costs at 92% of pre-covid levels with other expenditure costs contained within budget. The Budget Forecast position for the financial year 2023/24 is extremely challenging given the range of pressures anticipated, including expected pay award demands, energy costs, inflation, public finance constraints and impact of cost-of-living crisis on income generation. To present a balanced budget will require significant change to the services the Company provide. Options for consideration provided in the presentation to the Board (see item 14)

Property and Environment Committee

The Director of Operational Services gave an update on the meeting that was held on 15th September which discussed; Key maintenance works required at Perth Leisure Pool in the health suite, main and outdoor pool and electrical systems – the works requires a full venue closure and additional 'specific activity area' closures – work is scheduled to be completed between 24-28th October. Required Communications have been completed. Venue Condition Surveys & Environmental Audits have been commissioned; it is expected that reports will be available by the end of December. Perth Leisure Pool Flood mitigation progress with the Company's Consultants and Perth and Kinross Council is ongoing, with discussions taking place with key stakeholders including Planning, Network Rail and Scottish Water.

Human Resource Joint Review Committee

The Head of Corporate Support Services gave an update on the meeting held on the 29th September, which included review a draft bereavement policy, equality and diversity policy, an update to the rolling plan of policy review and the introduction of embedding environmental issues into all staff job descriptions.

12 **Report for Information**

Capital Projects Update

The Chief Executive Officer introduced the paper for information which provides further updates of progress in relation to the replacement 'Blairgowrie Recreation Centre' venue and the PH20 project.

Training/Festive Opening Hours

The Chief Executive Officer introduced the paper for information and confirmed that there would be no Corporate Training and Development Day this December, with Managers identifying a priority need for site and service specific training requirements. The Festive opening hours for venues and services reflect historical arrangements which have been developed based on customer demand levels and resource availability.

Committee Representation

It was confirmed that Miss E Muirhead will join the Services and Communications committee, Mr I Blair, given other committee commitments and to ensure a balanced committee representation, will 'retire' from the Service and Communications Committee.

13 Physical Activity and Sport Strategy Update

Mr D Stokoe delivered a presentation regarding the new Physical Activity and Sport Strategy, the key priorities that have been identified include, Improving Health and Wellbeing by increasing overall participation, increasing participation by Children and Young People, Strengthening Community-led Sports and Physical Activities and providing Quality Facilities which serve local communities and strengthen sporting performance.

The main themes that have been identified through consultation have been the physical and mental wellbeing benefits of sport, sport and physical activity for children and young people through active schools and engaged parents, the asset of the outdoor and natural environment in the area, volunteering and a strong community infrastructure and good facility provision although less for indoor facilities.

The strategy will be put up for council approval in December 2022, with the year 1 action plan being finalised in Jan/Feb 2023.

It was commented that feedback received during the engagement programme, regarding the new facilities at Bell's Sports Centre have been very positive.

Mr Stokoe confirmed that LAL have been part of the engagement throughout this consultation. Existing budgets will be used to deliver the plan with the hope of more community involvement.

14 Budget 2023/24 – Presentation

The Chief Executive Officer provided an introduction outlining the unprecedented circumstances that the Company continues to operate within, and the challenges we face to try to retain the venues and services that the Company currently delivers. The range of pressures include income growth expectations, inflation, energy costs, staff pay awards, public finance constraints with the potential reduction of the PKC Contract Fee, the Company have been asked to consider the impact of a 20 % reduction, phased over a 5-year period. Mrs F Robertson confirmed that PKC are asking all ALEO's to scenario plan this potential reduction but that this is not a confirmed decision.

The Director of Finance provided a presentation on the draft financial pressures and potential options to 'mitigate' for the financial year 2023/24, the total *unmitigated* financial pressures for 2023/24 are [REDACTED], which includes recurring pressures, forecasted position on income levels, anticipated energy and inflation costs and assumed staff pay award requirements.

The presentation provided mitigation options including efficiencies and stretched targets, options which included savings with 'minimal' core service impact and further options which identified savings through 'major' core service impact. The options provided, whilst extensive, do not provide a balanced budget. High level staffing impact was detailed against the options.

There was a general discussion around how challenging this budget process is and how it can be tackled with the minimum amount of impact. It was noted that major service changes would require to be discussed and approved by PKC.

Mrs F Robertson agreed that it will be challenging to maintain the existing service at the current level due to financial pressures and that the Physical Activity and Sport Strategy identified that needs were changing and becoming more community focused.

Mrs F Robertson (PKC), Mr I Collins and Mr I Blair left the meeting.

There was a further discussion around the use of reserves to allow the organisation to continue to operate and fulfil its objectives. Directors agreed that there is the potential to use some allocation of the Company's Reserves however more information and scenarios were required to understand how the reserves could be used more strategically over a more defined period of time.

Resolved:

- (i) The Senior Management Team will do more work on scenario planning looking at the next 3-4 years to understand the level of Reserves that can be used and present this to the Finance and Governance Committee initially and then to the Company Board for approval.

* Finance and Governance Committee was held on Thursday 3rd November, subsequently a 'Budget Forecast 2023/24 and beyond' report was approved by Directors via email response. It detailed the following recommendations:

- Budget proposals (Appendix 3 – Scenario 1) to be provided to PKC on the basis that the options / scenarios for service reduction / venue closures are for illustrative purposes – these options will require agreement from PKC to progress to ensure they align with Council Objectives and community outcomes.
- Principal agreement to utilise up to £1.75M of the Company Reserves to provide Revenue support over the next 4 financial years.
- Request that PKC provide an 'in principle' agreement that support would be provided if a further event occurred to a Company building (PLP) which required financial support beyond the Company's available resources.
- Request that PKC remove or defer any proposed contract fee reduction in the financial year 2022/23.
- Communication to be sent to the Council leader from the Board of Directors detailing the Company's operating challenges, the request for strategic discussions on future provision and use of collective resources.
- SMT to progress further detailed review and analysis of proposals / alternatives to ensure outcomes achieved.
- SMT to consider Communications and report to Service and Communication Committee.

15 **AOCB**

Warm Spaces

Head of Contracts & Compliance explained that the Company have been involved with discussions with Perth and Kinross Council and other partners on providing welcome and warm spaces in Company Venues throughout the Winter. The Company supports this worthwhile and needed initiative.

16 **Date of Next Meeting**

- Thursday 15th December 2022 at Dewars Centre

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