

**LIVE ACTIVE LEISURE LIMITED BOARD  
MINUTES OF THE MEETING OF THE BOARD OF LIVE ACTIVE LEISURE  
Held on Thursday, 16<sup>th</sup> March 2023 at 5.15pm at Dewars Centre.**

**Present:**

Company Directors

Mr D MacLehose, Mr I Collins, Mr C Allan, Dr D Carey, Councillor B Leishman, Councillor B Brawn, Councillor S Carr, Miss E Muirhead, Mr I Blair, Mr D Longmuir

Company Officers

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), Miss G Edwards (LAL Board and Committee Administrator),

PKC Officers

Mr D Stokoe, Mrs F Robertson

Mr D MacLehose in the Chair.

1 **Apologies**

Apologies were received on behalf of Mrs L Scott.

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 **Minutes**

The minutes of the Board meeting on 2<sup>nd</sup> February 2023 were submitted and approved as a correct record.

4 **Matters Arising**

**Budget 2023/24**

Communications have been developed for staff, media and wider engagement. The Company's budget forecast was presented to the Perth and Kinross Council Budget Review Group on 6<sup>th</sup> February.

5 **Verbal Reports**

**Service and Communications Committee**

This meeting discussed the Company Charges review, Bell's Sports Centre Fitness Development Interim Performance, Budget communications both internal and external and the quarterly service delivery reports. Reports are available to Directors on request. Further consideration will be given on how these critical areas of the Company's activity are presented to the Board.

Mr I Collins arrived at 5.30pm

## 6 **Q3 Finance Report and Finance & Governance Committee Update**

The Director of Finance introduced the Q3 Financial report, along with updates of any significant changes reported to Finance & Governance on the January draft figures. The following main points were reported.

- operating income at the end of Q3 is at 85% of Pre - COVID levels, which is the same at the end of January.
- Direct Debit Fitness Membership numbers have reached 82% of pre-covid levels at the end of Q3, and positively by the end of February have now hit 97%, The increase in memberships is mainly attributed to Bell's Sports Centre.
- There continues to be a year-to-date underspend on staff costs due to vacancies and slow return of relief staff, with some of this due to vacancies that require to be filled and some through decisions made not to replace, creating a permanent saving which is reflected in the budget for 23/24.
- Supplies & services and property costs are being maintained within budget. Property costs are within budget at around 94%. This through further analysis has been identified in a reduction in consumption mainly at venues where catering provision has been ceased. This reduction in consumption has also been reflected in the budget for 23/24.
- The revised forecast for the year end is a deficit in the region of £500k.

The Director of Finance also noted that there was an underspend in the Asset Management Reserve due to previous planned works not being completed. The Director of Finance confirmed she would need to double check what these planned works were, but it was confirmed that this was not in relation to two current projects at Bell's Sports Centre.

### **Resolved:**

- Directors approved the content of the report.

## 7 **Budget 2023/24 Update**

The Chief Executive Officer introduced the agenda item, throughout the budget process we have had positive communications with PKC with a summary below of the communications that have taken place:

LAL Budget Submission to PKC – 1st November 2022  
Correspondence to Council Leader / PKC CEO – 1st December 2022  
Joint ALEO budget briefing session – 7th December 2022  
Budget workshop with PKC colleagues 14th December 2022  
Budget Presentation to PKC Executive Leadership Team – 24th January 2023  
Budget Presentation to PKC Budget Review Groups – 6th February 2023  
Correspondence to All political party leaders – 9th February 2023  
Leadership meeting with PKC - 9th March 2023

The following Company related decisions were confirmed at the PKC Budget meeting held on 1st March 2023

### **Revenue Budget**

- The removal of Primary School Swimming Lessons – option rejected.
- Contract Fee reduction of 4% (£164K) on each of the next 3 years - rejected for 2023/24
- Contract fee reduction of £58K (deferred) – rejected.
- Review and reduction to Community Campuses opening times and support staffing during weekends, holidays periods and other periods of lowest demand. Estimated saving is subject

## Experience ○ Investment ○ Opportunity ○ Commitment

to contract negotiation. Reduction of £150K in 24/25 and 25/26 – rejected. (This was a PKC savings option not LAL)

- Additional Funding of £120K has been allocated to the Company, specifically to fund and keep open Live Active Atholl, (Pitlochry) and Community Halls. (23/24 only)

These decisions result in a contract fee increase of £120K and an overall net improvement of £342K based on the Company's high level budget pressure assumptions. It is important to note that the rejection of the 4% contract fee reduction and the additional funding ring fenced for Live Active Atholl, and Community Halls is non-recurring.

### Capital Budget

- Blairgowrie Recreation Centre Replacement Project - to progress
- PH<sub>2</sub>O - Project paused, with the £90M retained.

There will also be a council led review of Leisure and Culture assets during 2023 of which £150K was committed through the revenue budget for this review. It has also been confirmed that there will be a Transformation Review of ALEO Structures.

The Director of Finance presented the revised Company Budget for 23/24, which detailed the revised business pressures following PKC's budget decisions and the proposed actions to meet these pressures.

This proposal was to agree one-year budget to ensure the Company works in step with the planned PKC reviews being carried out within this financial year. Despite the proposed budget position forecasting a significant deficit, to achieve this is still optimistic and is therefore a challenging budget to achieve. The Company Business Plan will need to focus on impact and growth.

Directors discussed the use of Company reserves to support the forecast deficit position and that the continued use of Reserves is not sustainable. Further review of the Company Reserves will be required in relation to; venue investment requirements, flood prevention work - risk and impact on the Company's Insurance position.

### Resolved:

- Directors approved Option 1 detailed in the report (plus further adjustment for agreed Pay Award, as detailed at point 9) – 1 Year Budget for 23/24 - sustainable funding model to be achieved in future financial years.
- Directors approved projected deficit to be covered from 'General Reserve'.
- Directors agreed to delegate the Finance and Governance Committee to continue to meet on monthly basis to monitor and respond to company performance.
- Directors agreed for formal contract communication with PKC to take place in relation to service changes proposed at North Inch, Blairgowrie, Glenearn Community Campus'
- Directors agreed consultation with impacted staff members on offer of alternative employment.
- Directors agreed to delegate approval of key media / staff communications to the Services and Communications Committee.
- Directors agreed to progress completion of the Company Business Plan, the draft to be provided at the next board meeting.

- Directors agreed to meet and engage with groups / community representatives / agencies who have responded to recent media coverage.

A press release will be provided to both staff and media. This will be with a strong message that the Company are working collaboratively with the Council to work towards a more sustainable business model, that Company Reserves will be allocated to maintain current venue provision – and clear messaging to customers on the value of the Company and the services we provide and the need for their custom and support during these challenging times.

## 8 **Company Charges 2023/24**

The Director of Finance introduced this paper which has been agreed in principle by the services and communication committee. It was proposed that there be a price increase of between 10%-15% from 1<sup>st</sup> May 2023, with a potential increase in income of £370k. There would be no increase in concession rates to ensure that the Company's activities are as accessible and affordable as possible to all.

The Directors discussed the paper with the following key points highlighted:

- Charges have been benchmarked against other Scottish Leisure trusts, in particular neighbouring authorities, along with **sportscotland's** Annual charging reports and the proposed price increases remain competitive.
- The Company are still providing a quality service at a price that should not be a barrier to people attending.
- It was agreed that the corporate membership would be removed with more work to be done on engaging differently with the corporate community.
- Discussions took place around the different pricing across different sports.

### **Resolved:**

- Directors agreed with the proposed increases in charges to be introduced from 1st May 2023.
- Directors agreed that no price increases be applied to concessionary rates.
- Directors agreed that a detailed charges review be carried out over the course of the year to fully review and streamline charges going forward.

## 9 **Staff Pay Award 2023/24**

The Head of Corporate Support Services introduced the Staff Pay Award paper explaining the 5 options to be considered by the Directors. Two of the options were based on the Company no longer adopting the Real Living Wage. Jointly the HR and Finance & Governance Committees had considered the various options and observed that remaining in the living wage presented affordability challenges – given the RLW % increase and the subsequent knock-on effect on the wider staffing structure.

The Directors discussed the impact of leaving the Real Living wage on the employees, the impact on the Company brand and whether a higher wage increase could be funded by the Reserves. Discussion was raised about whether a higher increase in charges could offset the increase required to remain a Real Living Wage employer.

Mrs F Robertson confirmed when asked that PKC cannot insist that the Company are a Real Living Wage employer, however, the authority do encourage all council partners to commit to the RLW.

### **Resolved:**

- **Directors agreed option 2:** Remain a Living Wage Employer - To do this a minimum of 10% would need to be applied to the first 3 lowest grades to ensure differentials, with a minimum of 7%, 5% and 3% applied across the remaining Pay and Grading structure. This was an additional pressure of £118K on Budget Option 1 noted at point 7.

### **Additional Annual Days Leave – King Charles III Coronation**

The announcement of an extra Bank Holiday and the awarding of this is determined by the employment contract between the Company as the employer and the employee. The Coronation of His Majesty King Charles III is a unique situation and providing an additional day's annual leave for those in post on 8th May 2023 allows employees who wish to celebrate the event an opportunity to apply for annual leave.

#### **Resolved:**

- Directors agreed an additional day's annual leave in recognition of King Charles III Coronation

### **Revised Redundancy Policy**

The Company's Redundancy Policy was last reviewed in 2019. Given the challenges faced it was deemed an appropriate time to review the policy to ensure it is fit for purpose.

#### **Resolved:**

- Directors agreed the revised redundancy policy.

#### 10 **AOCB**

The outstanding historical insurance claim against the Company has been rejected at the recent court case, however it has been confirmed that claimants have now appealed the ruling. Further updates will be provided when available.

#### 11 **Date of Next Meeting**

Thursday 27<sup>th</sup> April 2023