

MINUTES of the MEETING of the BOARD OF DIRECTORS of WEST LOTHIAN LEISURE LIMITED held within Head Office, Bathgate Leisure Centre on Thursday 28th February 2019.

Present – Cindy Brook (Chair), Bev Greer, Karen Anderson, Cllr Tom Kerr, Cllr Chris Horne, Cllr Andrew Miller, Cllr Angela Doran, Cllr Harry Cartmill, Tom Carr-Pollock

Apologies – Paul Williams

In Attendance – Mark Chambers, Andrew Heron, Kirstin Purdie (West Lothian Leisure) Jim Cameron, Donald Forrest (West Lothian Council).

Action

1. QUORUM
The Chair advised that a quorum of Directors was present and the meeting could proceed as planned.
2. ADDITIONAL OR ANY OTHER COMPETENT BUSINESS TO BE CONSIDERED AT THE END OF THE MEETING.
The Chair advised that there were two additional items for discussion at the end of the meeting.
3. DECLARATIONS OF INTEREST
There were no declarations of interest.
4. MINUTE OF THE BOARD MEETING ON 13th December 2018
The minute of the Board Meeting held on 13th December 2018 was accepted as a true and accurate record. Matters arising:

Tom Carr-Pollock is unable to join the Audit & Finance Sub Committee.

Paul requested cash projections for six months which Andrew will complete once the 2019/20 budget is confirmed. **AH**

Letter of termination for the rental of the room at Fauldhouse Partnership Centre had been sent by Robin to West Lothian Council which was received.

Decision: The minutes were accepted as a true and accurate record.
5. MINUTE OF THE AUDIT & FINANCE SUB COMMITTEE MEETING ON 30th January 2019
The minute of the Audit and Finance Sub Committee on 30th January 2019 was accepted as a true and accurate record. Many items are on the agenda for agreement today. No Matters arising.

Decision: The minutes were accepted as a true and accurate record.

6. PERFORMANCE REPORT: April 2018 to January 2019 (REP-0781)

Andrew Heron went through the report in detail concluding that although we are facing a challenging time we have had a positive position with a projected £265k surplus for the year end 31st March 2019.

Performance Dashboard

Mark went through the performance dashboard which shows non-finance performance indicators. Employee turnover and sickness absence figures are slightly above target but improved from the last report. Customer visits are below target and transferred sites admission figures to be inputted by end of March 2019. Positive e-communication figures with a 17% rise in web hits. Membership figures above target, concessionary visits 45% increase on last year. All other indicators are on target.

Operations

Kirstin Purdie outlined the operations content of the Performance Report.

Retention is improving with the introduction of the new Service Plan (Total Wellness Journey) and is positively contributing to sales and retention.

Business Development

Mark Chambers reported that our 'membership sales are really encouraging with over 2,000 new membership sales since the start of January.

He then updated Directors on our new bookings App which has already been downloaded 5,804 times and there were 165,645 hits in the last 90 days.

An issue was raised over Polkemmet data line fault which Openreach are currently investigating. Costs awaited for installation of fibre circuit. Donald Forrest highlighted Business case could be submitted to West Lothian Council for consideration. If an IT connection can be achieved then a booking system will be installed including online and app bookings. **MC**

A new contract is being negotiated for commercial waste as the Council are withdrawing from commercial waste uplifts from 1st April 2019. **MC**

Tom Carr-Pollock asked if any business ideas from the staff briefings had come through. These will be sent to Mark.

Angela Doran asked if it were possible to approach Job Centre Plus, Department of Work and Pensions and others to see if we could expand the health referral programme. Mark to pass this onto Health & Wellbeing team for consideration. **MC**

Chris asked if anything were done differently resulting in the higher membership sales. Mark advised that he had been running back to back promotions which was a first, which went well and will be repeated. An increase in marketing spend also assisted.

HR and Training

Kirstin went through the HR report highlighting that the sickness absence rate to 30th January 2019 was 4.23% against a target of 4% but down 0.36% since the last meeting. Employee turnover is at 21.18% against a target of 17%. The transferred services are now included in these figures.

The Head of Operations post interviews will take place on Tuesday 12th March. Tom Carr-Pollock asked if there were any internal applicants. There were none.

Strategic Risks

Andrew outlined the main risks to the business.

Chris requested that the risks listed only be the exceptions to the risks already outlined in the risk register

Decision: To note the report.

7. RESCHEDULING OF PRUDENTIAL BORROWING (REP-0782)

Andrew Heron outlined the report and highlighted that the proposal to spread the repayments evenly over the next 22 years meaning a positive financial impact for the next 12 years and less of a positive impact for the last 10 years. The savings were highlighted for the next 3 years as follows;

2019-20	£289,650
2020-21	£266,143
2021-22	£244,726

Tom Kerr asked if any of the additional funds could be put back into reserves. Andrew is hoping to keep this as a contingency as the 3 year plan has challenging income and expenditure measures and is based on a break even.

Decision: The Board approved the report

8. BUDGET 2019/20 (REP-0783)

Andrew presented the draft budget for 2019/20 and highlighted that if the budget is met it will produce a modest surplus of £4k.

Andrew highlighted that there is 0% pay award in the budget for 2019/20 with 3.5% being paid in 2018/19. Any future redundancy and retirement costs (if approved) will be financed by the way of additional funding from WLC and would be repayable in future years. The budget doesn't include any positive impact from rescheduling the prudential borrowing savings.

Cindy asked Donald if there is sufficient modernisation funds available for to fund changes required by the Council and for delivery of the 3 year plan. Donald stated that they have reapplied to Scottish Government for additional modernisation funds and funds should be available to WLL, if it is not a significant cost.

Tom Carr-Pollock asked if we were breaking away from a pay award deal that was agreed and was it a one year deal that was agreed or was it a three year deal now which was extended from the original one year deal. The nationally negotiated pay award had changed from a one year award to a three year deal. Tom did highlight that any breakaway from the deal would result in a ballot to members about possible strike action.

Chris Horne stated we would need to check the minute record to see what the Board had agreed to do. Legal advice would have to be taken in relation to the context of the decision the Board made. It was noted that there was no budget available unless the contingency sum from the Prudential borrowing savings were used.

Donald commented his recollection was that it's a one year pay deal and WLL were breaking from the national agreements to be under Board control from 1st April 2019.

Tom Carr-Pollock also stated the legal status of TUPE employees needed reviewed in relation to their entitlement to the three year pay deal.

Decision: The Board approved the budget report, but need legal advice on the status of the decision they made on breaking away from the nationally agreed terms and conditions and TUPE employee rights.

9. 3 YEAR FINANCIAL PLAN UPDATE INCLUDING PRICE INCREASES (REP-0786)

Mark provided an update on the 3 year plan in the absence of the Chief Executive and highlighted the challenges that Robin had the core knowledge having developed the plan and was instrumental in ensuring its delivery.

Within income initiatives Mark is reviewing how the income sum can be achieved. The income is high risk with the change and reduction to services. Price increases for the core products is the best way to achieve the income but is still high risk.

Core prices for swimming to go from £4.00 to £4.30 for adults and £2.80 to £3.00 for Juveniles. All fitness activities will go up 10% from £5.00 to £5.50

Learn to swim price is much lower than Scottish average and £2.50 per month increase is proposed.

Membership packages have no planned price increase due to positive growth and very high risk in this area, but a £1 price increase for Junior and Young Adults could possibly be applied from October.

£1 charge for 'free swims' for 60+, Under 5's and under 16's will start on 1st April and will be communicated to customers over the next few weeks.

Catering price increases were also shared and to be implemented on 1st April.

Savings items are being reviewed and actioned where possible to make early savings.

Modernisation programme final site meetings will be held on Friday 1st, Monday 4th and Tuesday 5th March. By the end of March the full extent of the modernisation programme will be known.

Mark showed how income will be monitored monthly with actual against planned income. A potential format for a dashboard was also shared.

Decision: The Board approved the report and approved the price increases.

10. STRATEGIC REGISTER AND RESERVES POLICY (REP-0785)

Will Reeves went through the report and highlighted the Board are responsible for risk management and strategic risk and what has been done to mitigate them.

22 risks were identified with 4 new risks as highlighted in the report.

A risk workshop will be held on the 4 new risks. Risk assessments will be carried out to identify actions to reduce risks to acceptable levels.

Chris Horne commented on the highlighted risks in making sure the 3 year plan milestones are hit.

We are currently one independent director short for the board and need to ensure there is resilience in the team.

Harry commented that the existing reserves policy is unrealistic based on our current financial situation.

Donald expressed he was happy with Andrew's suggestion as council only have £2m reserves for a £400m budget.

Donald offered to send an updated letter of comfort in relation to the reserves position. **DF**

Jim Cameron commented on the 2nd risk control from WLC over putting the charitable status at risk and stated that there are 4 classes of Directors to ensure no Councillor majority with 5 Council elected officials, 1 trade union, and 1 employee 4 independent directors. Jim commented on the need to notify the Council for the process of filling the 1 independent Director vacancy.

Chris Horne commented that the just because it's a risk doesn't intimate it's happening, but it could happen, and highlighting it allows us to manage the risk.

Decision: The Board approved the report noting

- 1. The changes are accepted**
- 2. 4 additional risk are to be included**
- 3. Proposal to hold workshop agreed**
- 4. 3 year plan risks will also be reviewed.**

11 AOCB

Kirstin highlighted that West Lothian Council is aiming to apply the 3.5% 2018/19 into salaries in March and asked if WLL wanted to do the same. The Board agreed to pay the 3.5% wage award in the March pay and Kirstin to arrange for this to be done. **KP**

Cindy advised the Board that Neil Ross will work 2 days per week on the 3 year financial plan and will progress the site meetings.

Billy Key will also commence work on 5th March for 2 days per week as operational cover, until the new Head of Operations starts work.

Cindy on behalf of the Board then thanked Kirstin for her many years of service as this is her last board meeting prior to leaving on 7th March and all Directors wished Kirstin well.

12. Dates of Next Meetings

Audit and Finance Sub-Committee: Wednesday 27th March 2019, 6.30pm at Xcite Bathgate.

Board Meeting : Thursday 25th April 2019, 6.30pm at Head Office, Bathgate