

**The Scottish Sports Council Trust Company**

SSCT(BM)4/2022

**Company No. SC137068**

**Charity No. SC020175**

**Minutes – 10 November 2022**

Minutes of the Directors' meeting of the Scottish Sports Council Trust Company (the "**Company**") held on 10 November 2022 in-person and via conference call on Microsoft Teams.

**Present**

Ms Maureen Campbell, **sportscotland** Director ("**the Chair**")

Mr Mark Gaffney, Director ("**Mr Gaffney**")

Ms Kirsty Garrett, Director ("**Ms Garrett**")

Ms Kirstie Hepburn, Director ("**Ms Hepburn**") (**attended remotely**)

Mr Dave Rhoney, Director ("**Mr Rhoney**")

Ms Susie Sandilands, Director ("**Ms Sandilands**") (**attended remotely**)

Mr Dilawer Singh MBE, Director ("**Mr Singh**")

Mr Robin Strang, Director ("**Mr Strang**")

**In Attendance**

Ms Jenny Clarke, Business Development Manager ("**Ms Clarke**")

Mr Neville Cobb, Head of Finance and Governance ("**Mr Cobb**")

Mr Forbes Dunlop, Chief Operating Officer ("**Mr Dunlop**")

Mr Barry Fleeting, Head of Centre, Inverclyde National Sports Centre ("**Mr Fleeting**")

Ms Pauline Kerr, Inverclyde Business Development Manager ("**Ms Kerr**")

Mr Graeme Randall, Sports Programmes Manager ("**Mr Randall**")

Mr Shaun Roberts, Principal, Glenmore Lodge National Centre ("**Mr Roberts**")

Mr Simon Taaffe, Financial Controller ("**Mr Taaffe**")

**Secretariat**

Mr Andrew Shaw, Legal Officer and Company Secretary ("**Mr Shaw**")

**Apologies**

Ms Jane Booth, Director ("**Ms Booth**")

Ms Kay Morrison, Director ("**Ms Morrison**")

Mr Iain Houston, Director ("**Mr Houston**")

## Chair

Ms Campbell presided as Chair (the “**Chair**”) of the meeting as per Article 18 of the Company’s Articles of Association (the “**Articles**”).

### 1. Notice, Quorum and Apologies

The Chair reported that due notice of the meeting had been given and that a quorum was present, as per Article 34 of the Articles. Apologies were received from Ms Morrison, Ms Booth and Mr Houston. The Chair subsequently declared the meeting open.

### 2. Interests in Proposed Transactions and Arrangements with the Company

Each Director present confirmed that they had no direct or indirect declarations of interest to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 (the “**Act**”) and Article 40 of the Articles of Association. It was noted that the Directors were entitled to attend and vote at this meeting and to be counted in the quorum.

### 3. Mr Dunlop – sportscotland Update

Mr Dunlop noted that the October 2022 **sportscotland** pre board meeting dinner was a celebration of Stewart Harris’s 30 plus years of service to the organisation.

The meeting focussed on performance sports and highlighted challenges and future ideas to the **sportscotland** board. It provided context for next year’s business plan. The themes highlighted for performance sports for the next four years included: athlete welfare, inclusion agenda, developing athletes on the pathway. There was also an update from local authorities reviews and from SGB reviews. The discussion also considered whether to include a percentage increase to partners in recognition of the cost of living crisis creating huge pressure on staffing budgets.

The meeting covered the approach to research in relation to who we invest in and how we monitor the impact of that investment. The accounts were signed off as the Audit and Risk Committee had reviewed them in the previous week.

There was discussion about the budget. The Scottish Government gave **sportscotland** an extra £3.6M this year in line with their commitment to doubling the sport and physical activity budget but this money is now no longer available as a result of the updated Scottish Government budget. The implications for the Trust company need to be considered and will be brought back to the next meeting.

Mr Dunlop advised that the government is still committed to doubling the budget over the course of this parliament.

The Chair asked how realistic it is to expect that we can make an in-year saving of the quantum being requested given it is already November and if there would be £3.6M less funding this year. Mr Dunlop explained it relates to new projects that were planned to start this year and most of these have now been paused until the funding position is clarified.

There are a number of different potential solutions but many challenges ahead. The Chair asked if reserves could be used. Mr Dunlop said yes but they are small pieces of working capital rather than reserves.

Mr Strang asked if **sportscotland** has to find the £3.65M and the anticipated pay award. Mr Dunlop explained **sportscotland** has budgeted for the pay award but not to this level, so will need to find more than the £3.65M. Mr Singh asked for an explanation of the pay award. Mr Dunlop explained we take a detailed approach every year to manage the pay award and equal pay.

The Chair noted that they have heard from other chairs about very serious in-year savings expected of them, and that this will potentially get worse. The Chair commented that the organisation needs to scale the business to fit with this. The fact the money comes from the Scottish Government, we must think what the implications are for us if there was a 25 or 50 % reduction. Need to look at how we achieve savings between now and the next meeting.

Mr Strang asked if savings of £3.65M affect the Trust Company in-year. Mr Dunlop explained nothing drastic is planned yet, but we will need to think about recruitment pauses and be sensitive as to what we prioritise. Mr Strang said if anything drastic over and above that is required, there may need to be a special meeting at the end of this calendar year to discuss if this will affect the Trust Company. Mr Dunlop said that the biggest concern is next year.

Ms Hepburn asked if this is all in the public domain. Mr Dunlop advised that on the Scottish Government budget documents you will see reference to the £3.65M reduction. Mr Dunlop commented that there is a need to communicate with partners but we need to communicate with staff first, then externally.

The Chair said this work must be handled sensitively as people will be worried about it on top of the financial pressures. Mr Roberts and Mr Fleeting need to be well-briefed on how to deal with this. The Chair commented that open and transparent communication to staff is also important.

**THE BOARD NOTED** the contents of Mr Dunlop's report.

**ACTION:** Mr Cobb to come back with some analysis for next board meeting as to what the situation above might look like next year if we faced a 25% or 50% reduction in investment

#### **4. Minutes of previous meeting**

Ms Hepburn noted that wording regarding flexible booking should be changed to "may cause challenges" and the line regarding the diet/supplement discussion should be removed.

Mr Roberts and Mr Fleeting informed the Board that they will come back with a summary statement of the purpose of national centres at February's meeting.

The Chair noted that Ms Sandilands will remain on the Board for a second term as a **sportscotland** representative.

**THE BOARD APPROVED** Ms Sandilands remaining on the Board for a second term.

#### **5. Quarterly Reports**

**Mr Cobb provided a Finance Report for the Board as detailed below:**

Mr Cobb noted that things are broadly positive for both centres, with income exceeding the original budget for the year to date. Regarding Inverclyde, there has been an increase in expenditure, but the more the centre makes the more it pays for cleaning and other services. On the utility side, costs are increasing, but at a lower level than many businesses due to our access to Government frameworks. Regarding Glenmore Lodge, there is a positive variance on the expenditure side as salary costs are not being incurred due to recruitment challenges, particularly regarding hospitality.

Whilst there is a positive outlook for the first half of the year, there was an assumption that the pay award would be 3% but it is now significantly higher.

The Chair noted it is positive to increase income and manage expenditure, congratulating Mr Roberts and Mr Fleeting on the job they and their teams have done. Ms Clarke commented that a new chef is coming from Scottish youth hostels. Ms Clarke added that Glenmore Lodge has recruited for facilities but the challenge with coming to the area is that there is no accommodation to support workers. Ms Sandilands suggested a pause on strategic estate development going forward. Mr Roberts noted that they need to be pragmatic about the approach whilst being guided by the agreed strategic direction.

Mr Strang asked what the quantum of the pay award is. Mr Cobb said it was about 5% for **sportscotland** as a whole and the actual percentage depends on the make-up of staff. Inverclyde works out around 7% and Glenmore about 6%. The budget update includes revised numbers for salaries and includes what the full impact of the numbers will be. Positive gains on trading are mostly balanced off by salary costs as a result.

Mr Cobb highlighted that National Centres have revisited budgets and both forecast further increases in trading income in the second half of the year. Glenmore increased trading by £110,000 and Inverclyde also increased trading by £57,000 in the first half and added £84,000 in the second half. There have been strong performances, especially in schools. The expenditure side is less positive as an increase in salaries impacted most of that gain. Overall, investment has decreased by £48,000. Mr Cobb notes that it may well be the same situation next year.

Regarding the capital expenditure situation, Mr Cobb said we have spent a lot of capital expenditure in the first half of the year but will need to look carefully at what is being requested for next year. Regarding the Avalanche service, due to staff moving from contractor to employed status, it is an £86,000 cost instead of the anticipated £50,000 cost, though this is a one-off impact of bringing the service in-house.

The Chair noted that both centres need to drive as much income as possible. The Chair highlighted the need for strong income to reduce the burden of costs.

**Mr Roberts presented to the Board in relation to Glenmore Lodge as detailed below:**

Regarding the Glenmore Executive Summary Mr Roberts told the Board that there has been continued strong engagement with governing bodies. The deadline for notes of interest for new contracts for the Avalanche Service was the end of October 2022 and every individual from the Avalanche Service has put a note of interest in. The intention is to progress quickly with face-to-face interviews and issue contracts by the end of month.

Website phase 2 has encountered some delays. Ms Clarke updated board that the timeline is extended into quarter 4 so that it is completed by March 2023. They need to look more at the

system that sits between the booking system and the website to join them together. Mr Roberts is happy with a timeline of 1-2 months for each project but there are risks involved as a deep dive could find new issues.

Mr Roberts presented to the Board, first showing the total income at Glenmore Lodge. Year to date figures against the budget were shown and the financial year forecast. It has been very positive but variance in quarter 3 could pose some challenges. Bar and accommodation income would usually be higher but lack of rooms taken and staffing issues have affected those figures. Training figures are higher than those as a result.

Mr Roberts presented to the Board the total core income displaying actual and forward orders, with comparison to the same time one year previous. There is a decreased bar budget and increased accommodation budget. The biggest change is represented in the course income for the final quarter. Mr Roberts suggests Glenmore Lodge can traditionally make half of its training income in the final quarter. It was a positive quarter 2 against the budget. An emergency medical training event was put in place and then cancelled which affected the events figures and programmed course opportunities.

Looking towards programmed courses Mr Roberts looked at expected throughput and average spend. Glenmore Lodge exceeded pre pandemic levels which gives huge optimism for the future. Mr Roberts is looking what we can do in terms of income in order to drive it where possible.

Mr Roberts referred to covid, flu, living costs as risks. The assumptions relate to public demand being maintained, freelance workforce not being available and disruption leading to cancellation of courses potentially.

Mr Roberts explained all centre conferences at the start of winter make its Q4 income more resilient, if there is not enough snow, to have people attending the centre for that reason.

Glenmore Lodge has built resilience into the programme e.g. instructors stepping in if people are sick, but there is less of that happening this year as we move out of covid restrictions. This means less resilience where instructors cancel. There is limited capacity with freelance staff as demand on them is too high (this is because lots of freelance left during covid for more secure work).

Mr Roberts provided an update on cancellations: within these figures there is an admin burden. The course audit is aiming to streamline this moving into next year. It will result in more flexibility and less cancellation as Glenmore Lodge can act based on customer demand. Course utilisation shows how well we are doing in the courses run. The final bookings are where we clear and make positive income for year ahead.

Web bookings are slightly down as we are telling people to phone if they want to book accommodation, and those numbers are up so it balances out.

There have been some issues with groups cancelling their events or reducing their numbers. Mr Roberts is pleased with the spread of organisations coming to Glenmore. Looking ahead, people will continue to come back and rebook.

Glenmore is managing a workaround in terms of booking accommodation until Phase 2 of the website is finished but there are still a healthy number of bookings. The room and bed piece will be interesting when a more flexible customer offer is available.

The Chair commented on the value of including so much detail in Mr Roberts's presentation.

Mr Singh asked if Mr Roberts compares pricing of Glenmore lodge with other local organisations. Mr Roberts said that we are a member of a strong local business partnership (chamber of commerce) where we can get this comparative data and have Visit Scotland who also provide data to ensure we can price match. Glenmore wants to make sure people stay with us.

Ms Hepburn commented that it is very encouraging for both centres that they are getting new customers and commends both teams.

Mr Gaffney was surprised at how small the Q2 accommodation income was. Mr Roberts explained that this relates to accommodation only bookings as opposed to accommodation included in course and conference bookings.

Mr Gaffney stated that a key theme is women in adventure sport, and asked what impact this focus has had. Mr Roberts will revert to Mr Gaffney on this point.

Mr Strang feels we are vulnerable to cancellation, and asked if it would help to share the policy on cancellation i.e. is there a fee or sliding scale of fees to protect the business? Mr Roberts said that the challenge is a lot of the events are stable in their calendar with strong partnerships who come to Glenmore every year. T&Cs were softened coming out of covid and it was too late to strengthen them before an all-centre event was cancelled.

David Rhoney commented that although the training slide referred to Network Rail and others etc, can we expand this to generate more income? Mr Roberts says yes but we need to ensure the comms and marketing is appropriate. Mr Roberts added that it is more about the pricing structure, as he would need to continue those engagements and have more of a premium against it. Mr Roberts is looking to maximise these opportunities from an income point of view.

**THE BOARD NOTED the contents of Mr Roberts's and Ms Clarke's report.**

**Mr Fleeting, Ms Kerr and Mr Randall presented to the Board in relation to Inverclyde as detailed below:**

Mr Fleeting started with the key points; the first being that Scottish Wrestling were at Inverclyde for a preparation camp for the Commonwealth Games, and it was well received. The centre held a number of events in Q2, including the Pride Games, a visit from the Sport Minister and North Ayrshire Council. Lacrosse been using the centre for a couple of years and continues to return more frequently, using the residential part of the facility and indoor 3G. There is a need to upgrade netting for their training during winter.

Mr Fleeting covered residential, showing that Schools stayed during Q2, which is positive as not many schools used to stay during this time of year. Gym membership continues to be positive, but recruitment is a limiting factor. There is no progress on litigation claims and we continue to work with internal and external legal resource. The Cumbrae sale continues to be slow but we have accepted an offer. Now working with Galbraith's and purchaser to progress and conclude.

Mr Rhoney commented that the group he was with at the centre commented on the quality of staff and of the facility The Chair echoed this view and that the quality is what makes the centre unique and it should be reiterated to the whole team.

Mr Singh noted that the centre does not have wrestling mats yet and asked if they will be offered. Mr Fleeting said ideally we will have equipment to support groups, but the challenge is storage. If we are to work longer term with wrestling we can look at ways to provide equipment.

### **Mr Fleeting, Ms Kerr and Mr Randall presented to the Board in relation to Quarter 2:**

Resident groups in quarter 2 included many who have been previously and many new groups. There was a month without the sports hall during Q2 due to refurbishment works which reduced numbers. Resident school groups were highlighted to the board. This was not a busy period residentially for schools given the schools start the academic year in August. We see a number of schools committing to coming back at this time in subsequent years which will bolster this quarter.

Mr Fleeting provided a finance update. The centre performed better than expected. Mr Fleeting commented that the year-to-date (YTD) figures shared by Mr Cobb was really positive. The YTD income and budget details were shown to the board as well as full year budget.

Regarding the budget refresh, Mr Fleeting initially thought SGBs would bring in £317,000, but after the quarter 2 refresh it is £286,000 with business on books at £261,888. Schools have exceeded expectations. There may be a reduction in numbers or length of stay but there has been only one cancellation. Numbers of groups/charities such as Autism Scotland and Enable staying residentially has grown too which is very positive. The challenges around increase in costs is difficult but thankfully we have been performing well to cope with this.

Ms Kerr introduced herself to the Board and summarised her role as Business Development Manager.

Ms Kerr provided an overview of participation days split by groups and groups split by core business areas. Ms Kerr explained preseason training has a big impact on participant numbers and income as they stay at the centre for longer.

Ms Kerr showed a residential segmentation and informed the Board of average length of stay, participants and other details. Clubs are driving greater numbers in residential groups and participants. Partners usually have one-night stays and smaller number of participants, so the figures show a good average stay for quarter 2.

Ms Kerr explained that more sports are usually represented in the sport segmentation. It is unusual that Boccia have not stayed at the centre due to their diaries. Ms Kerr noted that one success story is Lacrosse, as pre covid they inquired about using centre on a non-residential basis. They did not have the budget for staying at the time. Now we have £20,000 in income from lacrosse and in Q2 we have three groups staying (one each month). Ms Kerr advised the Board that we are putting a lacrosse-proof net in to accommodate them further over the winter.

Regarding occupancy, Ms Kerr explained that we have 60 bedrooms with 2 beds in each room. When groups aren't staying on a twin basis, there will be less participants in the building. In Q2 we had 60.41% of rooms stays as twin rooms vs single room occupancy at 39.59%. We are tracking and considering the operational impact of this. Tuesday is typically the highest occupancy day. Sunday is at 10% which is up on Q1 which was just over 8%.

Ms Kerr explained that room occupancy is retrospective and we cannot forward look as to how we operate the bookings. YTD we have 47% room occupancy. This looks set to continue for the remainder of the financial year.

Regarding bed occupancy, in 2019 there were more peaks and troughs. Now, the winter period is looking great and February/March is looking as high as some of the summer months.

Ms Kerr explained that we get good information from enquiry numbers as it shows demand for particular periods and for which reasons we have to turn down business. In Q2, there were 103 enquiries, equating to circa £400,000 revenue. These enquiries often translate into bookings. Every group organiser receives a feedback form. There are 5 different versions depending on the group, but all forms contain commonalities relating to customer service, catering, cleaning, experience of facilities etc. The figure is out of 5 and the satisfaction rating is very strong as shown on slides present by Ms Kerr. These metrics can identify trends, but the meaningful content is the commentary on the forms. We then share any feedback with staff teams to further our operation.

**Mr Randall Presented to the Board as follows:**

Quarter 2 for the schools programme is usually quiet. In August this year there were lots of enquiries and school groups booking in. For quarter 1 next year's order book is full and closed for residential business. There is some space for day visits but that is all. Any enquiries now are being squeezed to earlier in the academic session which poses some challenges as it does not always suit schools to come at this time. In Q2 the centre had 6 residential and 4 non-residential school groups. Over the summer coaches continue to deliver community sessions to compliment the work we do where we have capacity. The Adventure Sports Hub (ASH) facility is now complete. Our staff team have been working hard on final preparations and the completion of risk assessments. There will be an important period of upscaling the coaching workforce as we move into some outdoor and adventure sport. Glenmore Lodge has been great help guiding Inverclyde on this.

Mr Randall showed the Board images of school groups being taken to the top of the hill in August/September. It challenges those who like the outdoors but is also a measured approach to engaging people in the outdoors generally.

Mr Randall updated the Board on the Fitness programme, explaining there is an increase in membership (33% increase since covid closures). The centre is hitting the market well given we are not the only gym provider in the area. The lease for equipment with Life Fitness came to an end in the summer and we exercised the option to now own the equipment outright. Under-utilisation during covid means we can continue to run that equipment, but ensuring we monitor that the equipment is up to standard.

Mr Randall gave a Gymnastics overview, stating that it has been quite stagnant in terms of participants. The older participants are still attending. The centre is monitoring challenges regarding younger people attending during the school period. To increase capacity further would be extremely difficult as we are at 86% currently.

Mr Fleeting explained that prices are set for the year ahead in December, expecting energy and staffing costs to continue to rise. The centre is preparing to increase prices with the centre absorbing some of the increases to ensure that business remains progressive and steady. Mr Fleeting welcomes a conversation from the Board on the implications of such an approach.

The Chair noted two very strong presentations from both centres which are valued and helpful for the Board to look through before the meeting.

Mr Gaffney asked if there are immediate reflections on Scottish Autism being at the centre and what could be improved/made more accessible. Mr Fleeting said the feedback was overwhelmingly positive. This is very reassuring for the centre.

Mr Gaffney commented that catering seems to be bottom of the trends information of the presentation and asked why this might be. Ms Kerr explained it is the most subjective area that



people rate in their feedback – e.g. two group organisers with the same menu can end up with really different feedback. We monitor this in line with the feedback and particularly the specific comments beyond the number ratings in the surveys.

Mr Rhoney commented that the food is always good here and acknowledged the challenge of pleasing every person on the catering side.

The Chair commented that we must continue to try our best to diversify the menu depending on the group whilst being mindful of cost.

The Chair asked if we are doing more to get young girls into the gym. Mr Randall said that in the last 7 months membership has increased significantly. Potentially there is an element of socialising amongst young people who are attending. Girls are engaging and although the figure is lower than the boys attending, the girls numbers have gone up.

**THE BOARD NOTED the content of the presentation by Mr Fleeting, Ms Kerr and Mr Randall.**

## **6. Insurance Update**

**Mr Cobb presented the insurance update to the Board as follows:**

Mr Cobb notes it is good that ARC and the Trust Company have arrived at the same place in terms of wanting to understand how public sector operates from an insurance point of view.

Since the last Trust Board meeting there have been two ARC meetings. Two papers were produced giving background and updates on discussions with Scottish Government sponsor teams. ARC's view is that insurance prices have gone up a lot and the broker has said not everyone is offering this sort of insurance. Mr Cobb explained that we are testing the market to see what sort of prices are coming up.

The next paper will be provided to the board and then to the ARC at the next meeting.

Mr Strang said it makes sense to do Value for Money assessment every 3-5 years.

**THE BOARD NOTED the contents of Mr Cobb's update.**

## **7. Any Other Business**

Mr Shaw advised that Board that there will be an update from the DPO at the next Board meeting.

## **8. Date of Next Meeting**

The next Trust Company Board meeting was noted as being on 9 February 2023 at Inverclyde.

The Chair thanked the Board and special thanks to Mr Fleeting for hosting the meeting.

## **ACTION LIST**

<b>Item</b>	<b>Who is responsible?</b>	<b>Action</b>	<b>Comments</b>
3	Mr Cobb	analysis as to what the situation above might look like next year if we faced a 25% or 50% reduction in investment	February 2023 Board
6	Mr Cobb	Insurance – update paper to be shared with Trust Company Board	February 2023 Board
7	Mr Fleeting / Mr Roberts	To produce a summary statement of the purpose of the national centres	February 2023 Board
7	Mr Roberts	Provide an update on the development of the action plan for Glenmore Lodge Strategic Development in GL quarterly update in November 2022 and then as separate paper for February 2023 Board	February 2023 Board
9	Chair / Mr Dunlop	Review Skills matrix and identify any needs to be filled when members retire September 2023	February 2023 Board

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Chair Signature