

**The Scottish Sports Council Trust Company**

SSCT(BM)1/2023

**Company No. SC137068**

**Charity No. SC020175**

**Minutes – 09 February 2023**

Minutes of the Directors' meeting of the Scottish Sports Council Trust Company (the "**Company**") held on 09 February 2023 at The Inverclyde National Training Centre and via conference call on Microsoft Teams.

**Present**

Ms Maureen Campbell, Chair ("**Ms Campbell**")

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

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

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

Ms Susan Sandilands, Director ("**Ms Sandilands**")

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

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

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

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

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

**In Attendance**

Ms Jenny Clarke, Operations Lead Manager at Glenmore Lodge ("**Ms Clarke**")

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

Mr Graeme Crawford, Facilities and Estates Manager ("**Mr Crawford**")

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

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

Ms Pauline Kerr, Business Development manager, Inverclyde ("Ms Kerr")

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

Mr Ian Sherrington, Head of Training/Deputy Principal at Glenmore Lodge (**“Mr Sherrington”**)

Mr Simon Taaffe, Financial Controller (**“Mr Taaffe”**)

### **Secretariat**

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

### **Apologies**

Ms Kirsty Garrett, Director (**“Ms Garrett”**)

### **Chair**

Ms Maureen 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.

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

The Directors 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. Chair – sportscotland Update**

The Chair explained that the **sportscotland** board endorsed how Mr Dunlop and Mr Cobb planned to balance the new budget. Mr Dunlop added that we need £1M this year to honour the commitments **sportscotland** has made in respect of investment awards and that the Scottish Government sponsor team has worked with **sportscotland** to facilitate this. There are proposals to **sportscotland** Board to ratify the next financial year. **sportscotland** has proposed a figure so we can meet commitments again this year but the Scottish Government are yet to confirm. Mr Dunlop and Mr Young were told by the Minister that there will be the same commitment from the Government to doubling our budget during the Parliamentary term.

**THE BOARD NOTED the contents of the Chair’s update.**

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

**THE BOARD APPROVED** the minutes of the previous meeting.

### **5. Quarter 3 Reports**

#### **5.1 Mr Taaffe presented to the board in relation to Trust Company finance**

It has been a positive quarter for Trading income compared to the already increased Q2 revised budget. The additional Pay award costs have balanced off most of this increase in income this year, along with the increased cost of sales. The overall position is positive for the **sportscotland** investment, £57k ahead of the revised budget and on track to be within the £4.5m annual budget. Rising utilities costs are having some impact, but not a major one at this stage due to the use of the Government framework.

**THE BOARD NOTED the contents of Mr Taaffe’s report.**

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

**Mr Roberts proceeded to report on the Avalanche Service as follows:**

The Scottish Avalanche Information Service has managed to transition to an employed model. Every forecaster has a contract under new model. Overall, Glenmore Lodge is in a positive place with these changes and the centre has much more resource which will be of benefit in the future.

Mr Roberts also reported to the Board in respect of a recent avalanche incident. The Board commented on Mr Roberts' professional handling of this situation.

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

**5.3 Mr Fleeting presented to the Board in relation to Inverclyde as detailed below:**

It has been a positive Quarter 3 overall and Quarter 4 looks to be similar. There were less enquiries in December but they increased in January. 16 groups are using the centre from a sport perspective and many for non-traditional sports for Inverclyde. There have been 14 residential groups this quarter. Additionally, a group from Dennistoun (Community sport hub) came to the centre as well. Business Development have been working on the Opera booking system. This system will assist with data gathering and reports that can be produced and shared with the Board. The schools programme had 8 groups using the site in Quarter 3. The fitness membership is seeing steady growth. Regarding facilities and estates, there is a path network being put in place. The fire alarm system, CCTV and access was established in Quarter 3. Regarding the upgraded sports hall, Boccia is making great use of this and their pitch lines are the most stand-out given the frequency of their use of this facility. Minor incidents have increased with school groups returning. The ongoing litigation claim is still being worked through with legal with nothing further to report. Cumbrae is now back on the market as the previous purchaser could not confirm finance. There is interest from new

parties and hopefully further interests. We have had to manage the site through this winter so it is challenging, as it increases the possibility of further dilapidations.

Mr Singh asked how much staff time is being spent maintaining Cumbrae? Mr Fleeting said the main cost is security, which is carried out by automated machines, and occasional grass-cutting.

Ms Hepburn asked if the purchaser was community-based and whether the value required to be reduced. Mr Fleeting said the price will not be reduced initially. Some parties were interested in the site for private use and others wanted to use it for a similar purpose as before.

The Chair thanked Mr Roberts and Mr Fleeting for their reports and encouraged them to continue to share performance detail as the Board certainly benefits from this.

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

**6. Mr Fleeting presented to the Board on the National Centre Role And Purpose, and the review of the Trust Company Memorandum of Understanding with sportscotland**

Mr Fleeting explained that the National Centre's key role and purpose governed by the Memorandum of Understanding (MOU). The Articles of Association and business plans are also in place to dictate the scope and role of the centre. There are also strategic reviews in which business decisions are taken e.g. the sale of Cumbrae.

The Chair commented that the Board is now clear about what the national centres are doing with thanks to Mr Fleeting's succinct review,

Mr Singh highlighted that MOU section 15.5 states that EDI is embedded in our work. He proposed that different wording could be used to reflect that EDI is an ongoing commitment. The Board discussed the change of wording, ultimately suggesting “evident” as a suitable replacement.

Mr Strang asked if there will be KPIs relating to this. Mr Fleeting explained how collecting EDI information is challenging but the centre is focussing on targeted work to do this. Mr Fleeting commented that he can share some of the information that comes from that with the Board at a later date.

The Chair reiterated that the Board needs to see performance indicators to demonstrate progress in this regard.

Mr Dunlop added at that the next meeting of the Board, **sportscotland’s** EDI Manager will discuss the work and progress made regarding the EDI strategy.

**THE BOARD APPROVED the MOU.**

## **7. Mr Roberts presented to the Board in relation to the Glenmore Lodge Strategic Plan**

Mr Roberts explained that growth, sustainable alignment, flexibility and enhancement are the intrinsic business objectives to enable the Centre to be viable long-term. Within the core activities Glenmore Lodge need to keep an expansive view as these are the core activities.

Training delivery: Mr Roberts does not want to separate accommodation and training/booking, although the new website will enable this to be booked and reported separately. Glenmore Lodge’s involvement in development of a Scottish workforce is also a critical part of our long term influence in the sector.

Conference and events will be reviewed and although the centre held big functions, there is an opportunity to keep core training and accommodation customers, alongside those attending conference and events.

Governing Body partnerships need to be reviewed with to find synergy between our work and theirs. It will let us report to the Board on where we spend time and other resource.

Sustainability of the economic model: the focus is on level of investment versus level of return. Regarding the estate the plan represents a fresh prioritisation of the estate.

Mr Roberts emphasised the importance in the next strategic period of pushing for a full return on investment.

The estate development outcomes are broader. Some of the conversations will be about the facilities on the estate. There is more to do to make the centre the destination for all. Sustainability and net zero targets are vital.

EDI targets – some of this work has started and is in its pilot phase. There may be an opportunity to offer sign language services if required, for example.

Ms Hepburn suggested there should be emphasis in the plan on Glenmore Lodge aiming to be a leader in the sector. Mr Roberts noted this to insert wording. The Chair echoed Ms Hepburn's position. Ms Sandilands endorsed Mr Roberts comments on asking people what their needs are e.g. regarding sign language.

Mr Houston said comments in paragraphs 52/63 regarding EDI are significant comments and should be threaded into the agreement earlier. Mr Gaffney reiterated this view.

The Chair commented that this is a strong signal to dial up on leadership and EDI agenda. The Chair also noted that for the future of the centre, it must consider its commitment to net zero in respect of the overall facility.

**THE BOARD NOTED the contents of Mr Roberts report.**

**8. Mr Cobb presented the 2023/24 Budget Report to the Board**

The draft budget for this financial year is included in the papers. Mr Cobb will then take the investment requirement to the main **sportscotland** budget, which is approved at **sportscotland** board in April 2023. Then the Trust Board will be advised at the May 2023 meeting if it is approved. This is the most positive budget since 2019/20 and Mr Cobb said the organisation can look forward to getting back to a full year of normal trading activity. Inverclyde has forecast to reach the £2M barrier and Glenmore Lodge is looking to fully utilise its accommodation.

Mr Cobb is hopeful that with more information on the specific disciplines for the Glenmore Lodge training, the organisation can understand exactly where the income is coming from. A lot more detail will be developed in that respect. Glenmore Lodge is forecasting a jump of half a million pounds in trading income and Inverclyde is forecasting an increase of nearly 10%. There will be an increase in cost of sales with increased trading income. Utilities will be an ongoing challenge, requiring sensible assumptions for increased electricity and gas prices and costs.

There was an average pay award of about 5% this year but a higher percentage for national centres, because of their staffing model. The report included pay award assumptions for next year that offsets most of the benefits from increased trading income being projected. For both centres, salary costs are more than half of the underlying costs.



There is a projected decrease in trading investment next year, including increased costs of avalanche services, having brought them in-house. The capital investment line is looking to be reduced to around £350,000 so key projects can still progress e.g. potable water and ventilation and heating projects at Glenmore Lodge and the replacement of the gymnastics roof at Inverclyde.

Levels of investment have gone up steadily in recent years, but this year will possibly see a downward trend.

Ms Hepburn asked if funds were allocated for settling an ongoing claim. Mr Cobb said no because any potential liabilities are unclear.

Ms Morrison notes the positive predictions and asked if income targets are not met, what would it mean regarding the requirement for further **sportscotland** investment? Mr Cobb explained that falling short does not mean the organisation gets pound for pound reduction on those funds as the related cost of sales will not be incurred. Constant review is undertaken to allow action early to manage costs. However, reducing maintenance budgets is not the best option.

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

#### **9. Mr Roberts presented the Glenmore Lodge 2023/24 Budget to the Board**

Assumptions:

This is a transition year but with good customer demand, despite the cost of living. It is recovering to pre-pandemic throughput levels. There are significant inflationary pressures across cost base and contracts. There are increased freelance daily rates and the pay award for staff to consider. Variable winter conditions in quarter 4 will continue to impact potential throughput/income levels.

Mitigation:

Price increases – accommodation is 30%, non-residential training up 5%, residential up 13%.

Conference and events – 30%. There will also be in-year pricing reviews.

Programmed courses account for circa 70% of the total income and Glenmore Lodge will develop discipline level forecast and manage to that as well as delivering a streamlined offer following the course audit. A medium-term program will be offered which is adjusted to customer-demands.

Mr Roberts took the Board through programmed courses throughput, showing anticipated movements from the pre-covid average. In terms of marketing courses, it all depends on volume and this is monitored so that marketing is not wasted on low volume courses for example.

**THE BOARD NOTED the contents of Mr Roberts report.**

#### **10. Mr Fleeting presented the Inverclyde Budget 2023/24 to the Board**

The gymnastics roof sits on the capital list to be replaced. The centre is hoping to make the income up. Expenditure is challenging, especially salaries. Mr Fleeting presented a table of income for the core business areas, looking to demonstrate where there is growth and stability. Schools have returned and demand has grown which will create challenges around programming so this needs to be managed.

Income – Contributing areas to income were shown to the Board. Golf is challenging and the centre is not trying to enhance and grow this space until it understands more, but there is a forecast decrease in income. Expenditure variances were shown to the Board and included

salaries and service charges with contractors. Mr Fleeting discussed areas of targeted investments e.g. disability groups and refugee groups.

The Chair noted the detail of the planning by Barry and Shaun and expressed the Board's support of these. Mr Strang commented that it is difficult to forward plan on income but is comfortable with the substance and thinks the approach is reasonable.

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

**11. Mr Cobb Presented to the Board on Investment Analysis and Forward Look**

Scottish Government redundancy policy means not much can be done about salary costs. Upgrading or replacing assets for health and safety is extremely important, as well as construction of new or enhanced facilities. Hopefully it increases capacity for more activity now we have the ASH facility at Inverclyde. The same search for opportunities will take place at Glenmore Lodge. The organisation may wish to use some legacy funding at Glenmore Lodge in the coming financial year (approx. £175k) to enhance the rock and mountain experience which is the biggest discipline area. At the November 2022 meeting, **sportscotland** didn't know how to balance the main **sportscotland** budget for this year or next and fortunately things have moved positively. It means we had to look at the Trust Company so the reduction achieved by managing costs and reducing capital expenditure has been effective. Looking at the trading income, there is an expected £700,000 increase in income and the positive impact on the bottom line is £129,000, showing again to drive down the investment level is taking a lot of income. Future reductions should be more modest.

Mr Cobb raised points regarding how to make centre financially efficient:

- Trying to manage optimum pricing
- Increasing bed occupancy

- Increase membership numbers
- Increasing utilisation of instructors
- Filling place on courses and increasing use of facilities (very important for GL)

The Chair commented that the report was a good rounding off of discussion today, covering many of these bases earlier in meeting. Mr Singh advised that Club Sport Scotland want to host AGMs at a new venue. Mr Fleeting and Mr Roberts will be put in touch with them to discuss.

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

#### **12. Mr Fleeting Presented to the Board on the Risk Register Review**

There is a change to some language in points 2 and 3. Point 7 removed Chief Executive Officer from responsibility and added the 'centre management team'. Mitigations were added in respect of health and safety systems and will have further information to strengthen this after the upcoming audit.

Mr Strang asked why risk impact was changed from 3 to 4. Mr Fleeting said this language refers to major injury and death and the likelihood is something like that could happen. However, the mitigations reduce the risk even though the impact of any event would still be high.

Ms Morrison asked why the risk assessment has gone down regarding energy costs. Mr Fleeting said the relationship with **sportscotland** means we can manage the costs through their support even though there is risk and potential impact. Ms Morrison asked if it is appropriate to reference that support from **sportscotland**. Mr Fleeting said it would be appropriate and can be based on wording in MOU.

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

**13. Mr Cobb provided an insurance update to the Board**

The insurance brokers they have taken basic details to various insurance companies and only one is interested in providing cover. They asked for more info on plans, risk registers etc. Any premium is likely to be significant. Mr Cobb will go back to find a reasonable way of getting an initial estimate before going down a more detailed route but suggested it will likely be an expensive premium.

The Chair noted that the relationship with the Scottish Government is key, and commented they appear to prefer not to go down the insurance route.

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

**14. Any Other Business**

None

**15 Date of Next meeting**

The next Trust Company Board meeting was noted as being on 11 May 2023 at Glenmore Lodge. Chair encouraged everyone to attend in person.

**ACTION LIST**

| <b>Item</b> | <b>Who is responsible?</b> | <b>Action</b>  | <b>Comments</b> |
|-------------|----------------------------|--|-----------------|
| 6           | Mr Fleeting/<br>Mr Dunlop  | Mr Singh highlighted that MOU section 15.5 states that EDI is embedded in our work. He |                 |

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|   |            | <p>proposed that different wording could be used to reflect that EDI is an ongoing commitment.</p> <p>The Board discussed the change of wording, ultimately suggesting “evident” as a suitable replacement.</p> |  |
| 6 | Mr Dunlop  | <p>sportscotland’s EDI Manager will discuss the work and progress made regarding the EDI strategy the next Trust Company Board.</p>   |  |
| 7 | Mr Roberts | <p>Ms Hepburn suggested there should be emphasis in the plan on Glenmore Lodge aiming to be a leader in the sector. Mr Roberts noted this to insert wording.</p>  |  |
| 7 | Mr Roberts | <p>Mr Houston said comments in paragraphs 52/63 regarding EDI are significant comments and should be threaded into the agreement earlier. Mr Gaffney reiterated this view.</p>                                  |  |