

SC137068

Minutes – 18 April, 2017

Minutes of the directors' meeting of the Scottish Sports Council Trust Company (the "**Company**") held on 18 April 2017 at **sportscotland** National Centre, Inverclyde, Largs, at 15:00.

Present

Ms Mags Duncan, Director ("**Ms Duncan**")
Mr David Gass, Director ("**the Chair**")
Ms Jane Kerr, Director ("**Ms Kerr**")
Ms Kay Morrison, Director ("**Ms Morrison**")
Mr David Rhoney, Director ("**Mr Rhoney**")
Ms Pam Woodman, Director ("**Ms Woodman**")

In Attendance

Ms Kelsey Blemings, Incoming Directors ("**Ms Blemings**")
Mr Neville Cobb, Head of Finance and Governance ("**Mr Cobb**")
Ms Kirsty Garrett, Incoming Director ("**Ms Garrett**")
Mr John Kent, Principal, Inverclyde National Sports Centre ("**Mr Kent**")
Mr Stuart Ogg, Director of Corporate Services ("**Mr Ogg**")
Mr Shaun Roberts, Principal, Glenmore Lodge National Centre ("**Mr Roberts**")
Mr Stewart Harris, Chief Executive ("**Mr Harris**")
Ms Frances Wood, Incoming Director ("**Ms Wood**")

Secretariat

Ms Liana Waclawski, Company Secretary ("**Ms Waclawski**")

Apologies

Ms Jane Booth, Director ("**Ms Booth**")
Mr Dilawer Singh MBE, Director ("**Mr Singh**")
Mr Mel Young, Chair **sportscotland** ("**Mr Young**")

1. Chair

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

Mr Ogg noted that in terms of succession planning, **sportscotland** would nominate Ms Wood to be Chair following the resignation of Mr Gass as Chair in September.

2. 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 Booth, Mr Singh MBE and Mr Young. Accordingly, the Chair declared the meeting open.

3. 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.

4. Minutes of the Meeting held on 26 January 2017

Ms Woodman requested that the Minutes be amended at item 6.4 to add that matters such as the SSI merger should be brought to the Board at an early stage for approval.

5. Matters Arising

- *Agenda Item 5 - Establish a potential date for a joint meeting between **sportscotland** and Trust Company Board.*

The joint strategic with the **sportscotland** Board will take place later today on 18 April 2017.

- *Agenda Item 6.1 - “Funding Position and Opportunities” will be a specific item for discussion on the agenda for the May Board.*

The Chair noted that this item was on the agenda for today’s Board meeting.

- *Agenda Item 6.4 - Provide information on the merger of SSI and Cumbrae and the role of any SSI staff moving to Cumbrae.*

The Chair noted that this information was set out at page 50/54 of the Cumbrae Executive Summary.

- *Agenda Item 8 - Circulate details of the senior staff appointments to the Inverclyde management team to the Board.*

The Chair noted that this would be covered in the meeting through the presentation from Inverclyde management team.

- *Agenda Item 9 - Mr Kent to keep the Board informed of progress regarding business development and sales.*

Similarly, the Chair noted that this would be covered by the Inverclyde management team presentation.

- *Agenda Item 10 - Action the recruitment of new directors*

The Chair noted that this item was complete and the three new directors would be appointed at today's meeting.

For Discussion

6. National Centre Quarterly Reports

6.1 Trust Company Financial Overview Quarter 4, 2016/17 – Neville Cobb, Head of Finance and Governance

Mr Cobb provided an update on the financial results for the eleven months ending 28 February 2017. He noted that an updated 12 month financial report would be produced and circulated at or before the next Board meeting.

Mr Cobb reported that overall the position was positive. The Trust Company budget was adjusted downwards by £30k at the end of the second quarter.

Against the revised budget Inverclyde performed better with income £20k ahead plus there was a reduction in expenditure. Cumbrae performed better over the second half with income of £14k ahead of the revised budget. Glenmore Lodge also saw income £17k ahead of the revised budget. Overall Mr Cobb noted that the expected **sportsotland's** investment would be slightly less than planned.

The Directors queried where the Company was in relation to the original budget. Mr Cobb confirmed that the Company was still slightly ahead.

Directors discussed the operation of the maintenance budget, which in future would be allocated to each of the Centres and sit with them. Mr Cobb noted that this would be a set figure agreed by the two Principals.

Directors also noted Glenmore Lodge's deferred capital expenditure of £70k. Mr Cobb noted that this was deferred to 2017/18 as it had been applied to the Inverclyde project during 2016/17. At the end of the Inverclyde project, if this was not all used, it would be released back into reserves with the possibility of it being reallocated to Glenmore for priority projects.

In response to a written query from Ms Booth, not present, Mr Cobb noted he had no particular concerns and that the Company should be on budget for this year.

6.2 Glenmore Lodge – Shaun Roberts, Principal, Glenmore Lodge

Mr Roberts noted that the poor winter conditions had impacted on winter trading and there were cancellations with a cost of £53k.

Mr Roberts explained that the final accruals could result in a negative variance of around £10k against planned investment. The Board queried the management of contractor invoices; Mr Roberts agreed that this could be improved.

The Chair queried whether any of the cancellation costs could be recouped. Mr Roberts noted some may choose to re-book and explained that the Centre had phoned students 10 day and 5 days before courses were due to start based on forecast numbers, to let them know if the course would run. Overall this was seen as a positive approach from a customer relations perspective.

Mr Roberts noted that the proposed 2017/18 budget would be challenging but should be achievable. He noted that to ensure transparent future financial planning Glenmore Lodge would segment the net investment figure into different expenditure areas.

Mr Roberts reported that the Centre had provided rescue services through the Mountain Rescue Team to a fatal incident involving a solo mountaineer. This incident did not involve a Glenmore Lodge course, but the Centre had provided support in its Mountain Rescue capacity. The Centre has supported those instructors involved in the rescue and some of the rescue team also met with the family of the deceased.

Mr Roberts reported on the sector support provided over the period, in particular to AGMs of key partners and the Women's Winter Mountaineering Meet. The Chair noted that these wider events are invaluable in terms of getting the Centre's message out and engaging new audiences

Mr Roberts provided an update on the legal letter which was received by Glenmore Lodge in relation to the ski tour programme. No further correspondence had been received and the follow up actions were being implemented. Directors requested that if there was to be any impact on Directors duties and responsibilities a note be circulated to the Directors and such changes be subject to the Board's approval.

Mr. Roberts tabled an additional paper to the Board proposing that funds from a legacy bequeathed to the Company be used in relation to succession planning for the Scottish Avalanche Information Service ("SAIS"). Mr Roberts noted his concerns that in the near future there could be a lack of experienced Avalanche Forecasters. Mr Roberts proposed to use some of the legacy bequeathed to Trust Company for 'the promotion of winter sports within Scotland' to fund the SAIS Succession Project, developing and training aspirant forecasters.

The Board considered that this was an appropriate use of the legacy funds and approved the proposal.

Directors requested that Equalities and Corporate Parenting is added as an agenda item at the next meeting.

Directors also requested that a note be brought to the next meeting of what data the booking system can capture with a view to being able to provide appropriate case studies and evidence of the Centre's contribution to sport participation.

(15.45 Frances Wood joined the meeting and the Chair welcomed her)

Action: Add Equalities and Corporate Parenting to next agenda.

Action: Note of data that booking system can collect.

6.3 Inverclyde – John Kent, Principal, Inverclyde and Cumbrae

Mr Kent noted that the new redeveloped Inverclyde Centre was now open. Despite the redevelopment, 5000 visits to fitness classes were accommodated. A number of other parts of the centre had been refreshed to complement the new facilities.

Income is down overall due to the extended closure for the redevelopment. Expenditure is also down, although there was an additional cost incurred in the change of the catering and cleaning contracts across Cumbrae and Inverclyde.

Mr Kent noted that the social media and virtual tours had resulted in a number of new members and impact of the new Marketing and Communications Manager was very positive in this regard.

Directors queried whether the old gym users had come back. Mr Kent noted that about 70% of previous gym users had returned. Ms Kerr also requested that the website be updated to remove out of date material.

Mr Kent noted there were no health and safety incidents to report.

Action: Inverclyde website to be updated

6.4 Cumbrae – John Kent, Principal, Inverclyde and Cumbrae

Mr Kent noted that Cumbrae had been busy with 3000 visitors in the period April 2016 to March 2017. Mr Kent noted the ongoing commitment from RYA, with Cumbrae delivering their qualifications.

Income is expected to be ahead of the revised budget, mainly due to a schools booking, professional yacht master candidates and overseas/UK winter work. Expenditure was anticipated to be slightly down on budget due to savings in operational areas.

Mr Kent noted that it would be possible to use of the booking system to capture information on visits.

Ms Woodman queried whether there was any loss of business at Cumbrae due to the new Inverclyde centre. Mr Kent said that he was not aware of any impact as the charges were comparable and Cumbrae would be used to accommodate some activities at different times. Mr Kent also noted that Cumbrae would be running a number of events including the 2018 RYA Youth Championships, which would use both Inverclyde and Cumbrae.

Mr Kent reported that the breakwater had suffered some damage and that the marine consultant would carry out a seabed survey and report in May 2017.

In response to a query from the Chair, Mr Kent explained that despite this people could still get safely on the water.

Directors queried whether the centre could operate without the breakwater, Mr Kent noted there were a couple of options, but the seabed survey would be required either way. The Chair noted that the marine consultant's report outcomes and options should be brought to the next Board.

Ms Kerr questioned any potential issue with contractors as regards their status with HMRC. Mr Cobb noted that this had been identified as a risk over the last two years and work had been done, with an external advisor to train staff on using the HMRC tool to help determine whether individuals were employees or contractors.

Directors queried the associated additional costs of addressing this issue and Mr Cobb and Mr Ogg noted that this had already happened, with some staff being brought in house as full time employees. It was noted that this issue would be regularly reviewed.

Action: Circulate marine consultant's report at next meeting.

The Chair thanked the Principals for their reports.

7. Funding Position and Opportunities, Neville Cobb, Head of Finance and Governance

Mr Cobb noted that **sportscotland** currently invests £2.6million into the Centres, which is 9% of **sportscotland's** Scottish Government funding. As noted at the last meeting of the Board, recently there has been increased pressure on this funding following a reduction in Scottish Government's investment in **sportscotland** and it is always necessary to demonstrate that money is being used efficiently and effectively while contributing to the outcomes of the **sportscotland** Corporate Plan.

Mr Cobb tabled a paper containing a number of proposals to ensure future sustainability. These options had been arrived at through meetings between the Principals, the Head of Finance and the Director of Corporate Services.

The proposals included: developing a four-year business plan for the Centres, rather than year to year; developing a Reserve Fund to support Centre operations; considering the advantages and disadvantages of alternative sources of funding and continuing to work with Centre teams to identify opportunities to develop more trading income.

The Chair invited Directors to discuss the options and offer their views. By way of further context Mr. Ogg noted that the **sportscotland** board is expected to agree the establishment of a Financial Resources Committee at its next board meeting, happening the following day, and that **sportscotland** would request Trust Company members to join the Committee's discussions.

Following discussion, Directors indicated that they were happy for the Centres to move to a four-year planning model. Directors also discussed how the Reserve Fund could be treated, whether this should be split between the centres, or held as one pot. Mr Roberts noted that it would be good if funds could be accrued to carry out capital projects or sports development

programmes. The Chair noted that the reserve could potentially lever other funding. Ms Kerr felt that the reserve should not be split, but rather have it as one pot for the Trust Company/all Centres. Ms Kerr also noted the potential need to restrict the funds for certain purposes, in line with any charity law requirements.

Ms Kerr queried whether the Trust Company would be able to borrow funds. Ms Woodman noted that she would not be comfortable with the Trust Company taking a loan when it is not currently self sustaining.

The Chair noted that it was good to discuss all of these options and consider what approaches may be suitable or unsuitable. Ms Morrison considered that some parameters should be set and the Board agreed.

There was further discussion regarding what approach to take to the various options available. The Chair asked the Principals for guidance, so that the Board's deliberations could be best focussed.

The Principals noted that a broad conversation on the segmentation of funds and, in the event that there is the ability to grow funds, where this would sit for a time, with the understanding that **sportscotland** funding should preferably not be reduced too quickly.

Ms Kerr noted that grouping costs would also be useful in relation to acquiring alternative sources of funding.

The Chair thanked Mr Cobb for his paper and concluded that the opportunity for Trust Company board members to contribute to **sportscotland's** Financial Resources Committee would be helpful and that this discussion would be continued at the next meeting.

Action: Include discussion on Funding Position as agenda item at the next meeting to include: segmentation of funds; parameters of the options available; show how the Company can deliver Corporate plan outcomes; where the reserves should sit and how it fits with a four-year plan.

8. Project Inverclyde, Final Internal Audit Report – Update, Stuart Ogg, Director of Corporate Services

Mr Ogg noted that he was very pleased the Board could be in the new redeveloped Centre for this meeting. Mr Ogg spoke to the final internal audit report and noted that there is a list of items that will be reviewed in 12 months time.

Ms Woodman commented that in the context of the report, management were perhaps too hard on themselves. Ms Kerr queried the difference between the forecast and the budget noted in the report and Mr Cobb explained that this was due to the VAT.

Mr Ogg concluded that the centre had been delivered on time and on budget and that the centre had been substantially upgraded to be inclusive for all.

The Chair thanked all those who contributed to the redevelopment project.

9. Appointment of additional directors – Article 27 of the Articles of Association

The Company had a requirement to appoint additional Directors. Following interviews run by the Chair (Mr. David Gass) and Stuart Ogg, Director of Corporate Services two individuals were considered to have the relevant skills and expertise and were invited to become Directors of the Company.

It was further noted by Mr Ogg that Mr Gass would be stepping down as Chair later in the year and following his resignation, **sportscotland** would nominate Ms Frances Wood to be Chair of Company. Accordingly, Ms Wood would be appointed as Director of the Company today in readiness for that transition.

It was resolved THAT: each of Kelsey Blemings, Kirsty Garrett and Frances Wood, having consented to act, be appointed as an additional director of the Company with effect from 18 April 2017.

Action: Ms Waclawski to administer the appointment of the new directors on Companies House.

10. Draft National Centre Business Plans 2017/18 & Management Presentation (Inverclyde and Cumbrae, Lead Roles)

Mr Roberts and Mr Kent spoke to their draft business plans. Mr Kent noted that there was one plan for Inverclyde and Cumbrae in line with the one centre, two sites approach.

The Chair noted that these plans would be revisited at the following meeting.

(16:55, Graeme Randall, Barry Fleeting, Carol Fraser and Graeme Crawford joined the meeting.)

Mr Kent introduced the presentation noting that the approach was to have one centre and one team, across Inverclyde and Cumbrae. He also noted the importance of the new Inverclyde Centre being inclusive for all. Each of the Lead Managers presented to the Board, explaining their role and the focus of their work.

The Chair thanked the Lead Managers for their presentation and wished them the best of luck in their new roles. The Chair noted it would be good to hear from them again in around 6 month's time.

For Information

10 Any Other Business

The Chair noted that the Principals would be presenting to **sportscotland's** Board the following day.

Mr Ogg explained that the joint discussion between the Trust Company Board and the **sportscotland** Board would take place later that evening would include a presentation on stakeholder communications and the role of Board members.

11 Dates for future meetings

15 August 2017, Glenmore Lodge

12 Close of Meeting

The Chair noted there was no further business and the Chair declared the meeting closed.

.....
Chairperson

ACTION LIST

Item	Who is responsible?	Action	Comments
6.2	Ms Waclawski	Add Equalities and Corporate Parenting to next agenda.	A presentation from legal on Equalities and Corporate Parenting will be given at the November meeting. Therefore this will be added to the November agenda.
6.2	Mr Kent and Mr Roberts	Note of data that booking system can collect.	On the agenda.
6.3	Mr Kent	Inverclyde website to be updated	Website has been redesigned with sportscotland input and is now being regularly update by the local team.
6.4	Mr Kent	Circulate marine consultant's report at next meeting.	The marine consultant's report was a desk based study. It outlines a series of possible approaches, however it requires a follow up sea bed survey before any preliminary assessment can be undertaken of realistic options and their associated costs. Currently there is no funding for this project.
7	Ms Waclawski	Include discussion on Funding Position as agenda item at the next meeting to include: segmentation of funds; parameters; show how delivering Corporate plan outcomes; where the reserves should sit and how it fits with a four-year plan.	On the agenda.

9	Ms Waclawski	Ms Waclawski to administer the appointment of the new directors on Companies House.	Complete
---	--------------	---	----------