



**MINUTES OF THE MEETING OF
MUSSELBURGH RACING ASSOCIATED COMMITTEE**

**TUESDAY 19 MARCH 2019
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

Committee Members Present:

Councillor F O'Donnell (Chair)
Councillor A Forrest
Councillor K Mackie
Councillor S Currie (Items 1- 6 and 9)
Mr R Miller-Bakewell
Mr R Anderson Green

In Attendance:

Mr B Farnsworth, Racecourse General Manager (Items 1-10, except 9)
Ms S Montgomery, Racecourse Commercial Manager (Items 1-10, except 9)
Mr D Kennedy, Racecourse Financial Controller (Items 1-10, except 9)
Mr A McCrorie, Depute Chief Executive (Resources and People Services), ELC
Mr C Grilli, Service Manager, Legal and Procurement, ELC

Clerk:

Mrs F Stewart

Apologies

None

Declarations of Interest

None

1. APOLOGIES

There were no apologies.

2. MINUTE OF MEETING ON 18 DECEMBER 2018 FOR APPROVAL

For clarification, Carlo Grilli advised that the revised Minute of Agreement stated that the Racecourse management was entitled to close public access to the Racecourse 3 days around race meeting dates. Mr Farnsworth had stated 3 days before and one day after race meeting dates, as stated in the previous Minute of Agreement. (Item 3 Health and Safety report).

Mr Miller-Bakewell pointed out that the minute had been circulated four weeks late and the Committee Clerk advised that the Council closure for two weeks over the festive period had been a contributory factor in this. The Chair undertook to investigate.

There was further comment on the minute in the private part of the meeting.

3. HEALTH AND SAFETY REPORT

A report had been submitted by the Racecourse Health and Safety Officer to advise the Committee of Health and Safety Management at Musselburgh Racecourse.

Bill Farnsworth presented the report, describing all health and safety matters at the Racecourse as very positive. He also stated that good progress was being made with the Golf Course in relation to activities on racedays and advised that the one insurance claim against the racecourse had been dropped.

The Chair referred to paragraph 3.3 of the report on Racecourse/Golf Course activity and asked if the outcomes detailed in the report had been agreed by all parties. Mr Farnsworth replied that it was a work in progress and Steve Horlick (Racecourse Safety Officer) and Ian Sills (Enjoyleisure) would work together to reach an agreement on the issues outlined in the report.

Decision

The Committee agreed to note the report and to remit to Officers to take forward the matters outlined at paragraph 3.3 of the report.

4. COMMERCIAL AND OPERATIONS REPORT

A report had been submitted by the Senior Operations and Commercial Manager to update the Committee on the commercial and operational performance of the Racecourse for 2018/19.

Sarah Montgomery presented the report, stating that it had been a challenging year across the industry, with all racecourses struggling to meet admission targets. She advised that, since Christmas, there had been a number of abandonments and replacement meetings, though not like for like. Three of the replacement meetings were

free admission, but attendance was still 10,000 down, with a corresponding impact on income. She stated that it had been particularly disappointing to lose the Scottish Cheltenham Trial Weekend on 1 and 2 February as those fixtures had been on target to meet budgets and would have boosted income. Ms Montgomery also advised that current figures suggest that there will be a significant reduction in income for Easter Saturday.

On sponsorship, Ms Montgomery advised that Betway wished to return in 2020.

The Chair enquired what the considerations were behind offering free entry to the replacement fixtures and Ms Montgomery replied that free entry was offered due to the very short timescale available to advertise the fixtures and to maximise the number of attendees.

The Chair noted that the New Year's Day meeting was more successful in 2019 than in 2018 and asked if the reason for this was known. Ms Montgomery replied that there was more awareness regarding the pricing policy and it was an excellent fixture. Mr Farnsworth added that the marketing of the fixture was better for 2019.

The Chair requested an update on Ladies Day and Ms Montgomery replied that 65% of the tickets had been sold. Ticket prices were now £50. Mr Farnsworth stated that it was important that Ladies Day offered the best possible experience for all racegoers.

The Chair was pleased to note the wide range of packages for Easter Saturday and the recent presentation on Dementia Friends, which aims to raise awareness about dementia and reduce the stigma. Ms Montgomery replied that the aim was to increase awareness of the needs of all customers.

Councillor Currie stated that a recent news article had highlighted the benefits of riding for the disabled. He also asked if the Racecourse had plans to link up with any other major sporting events in East Lothian, and suggested that there were possible marketing opportunities with building contractors of new homes in East Lothian. Ms Montgomery replied that ideas and proposals were currently being drawn up to attract new members to the Racecourse.

Alex McCrorie asked if other racecourses offered free admission to some fixtures and if Musselburgh Racecourse is considering discount tickets for replacement fixtures in future. Ms Montgomery replied that in future, tickets may be sold for £10 or offered free. A decision would be made on a fixture by fixture basis.

Councillor Currie advised that the Racecourse's Community engagement activity with Musselburgh Grammar School had been very well received. He stated that it was important for the Racecourse to have a connection with the community and he had been pleased to hear that the pupils had very much enjoyed their experience. Ms Montgomery replied that the management team were disappointed and frustrated that Musselburgh was the only racecourse in the UK that cannot use its racetrack for community activities due to restrictions placed on them by Enjoyleisure.

The Chair stated that she appreciated the efforts of all staff in often challenging circumstances.

Decision

The MRAC agreed to note the position.

5. PROCUREMENT - UPDATE

A report had been submitted by the Depute Chief Executive, Resources & People Services, to update the Committee on the current position regarding the Procurement Process.

Carlo Grilli, Council Service Manager for Legal and Procurement, presented the report. He advised that the tender was formally launched on 29 January 2019 and a table in the report set out the estimated time frame for the remainder of the procurement process. He was pleased to report that there had been 6 bidders, all of whom were in the horseracing industry, and the deadline for submissions for the next stage was 15 April 2019. Mr Grilli advised that bidders now had all the necessary documentation and were at liberty to approach the Council with questions or ask for clarifications.

Mr Anderson Green stated that neither Robert Miller-Bakewell nor himself, both members of the Working Group, had been notified of what documentation had been issued to bidders. Mr Grilli replied that the documentation issued was in the form agreed in January 2019 and copies could be forwarded to him. Mr Anderson Green replied that the LRS had neither agreed nor seen the final document and therefore did not know what had been sent to the bidders. He also asked if the Racecourse would buy back assets of the Racecourse should the new operator sell and if there was a requirement for the Council to re-imburse the operator for the unexpired period. Mr Grilli replied that there was a requirement for the business plan to close off these points.

In response to a question from Mr Miller-Bakewell, Mr Grilli explained the process for responding to any questions received from bidders. Mr Miller-Bakewell also asked Mr Grilli if he was confident that the Council had the necessary resources to deliver on the 15 April deadline and Mr Grilli replied that the timetable was indicative and a reasonable time frame.

Councillor Currie stated that he was comfortable with the procurement process. He added that the integrity of the process was important and he hoped that all the bidders had confidence in the process.

Mr Anderson Green asked why the Committee had not been advised who the bidders were and Mr Grilli replied that this information had to remain confidential for commercial reasons. Mr Anderson Green stated that the Committee had been informed that discussions were underway on legal costs and asked who was involved in those discussions. Mr McCrorie replied that that the Council's finance department were involved, together with himself, Mr Grilli and Mr Farnsworth, as appropriate.

Councillor Mackie enquired if the role of the Working Group was now at an end and Mr Grilli replied that there would be a review of their role going forward.

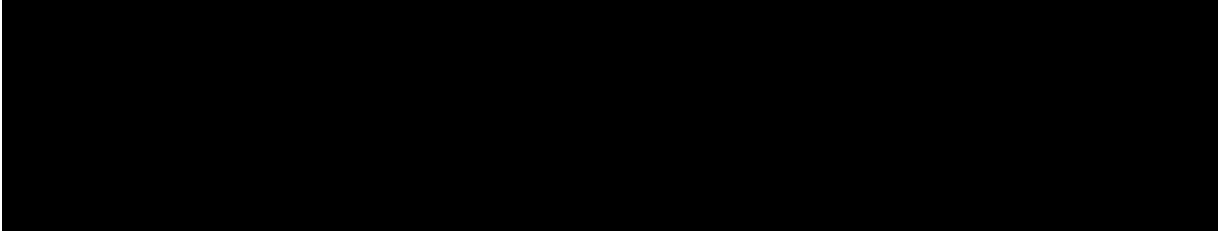
Mr Anderson Green asked if potential contingent liabilities would be disclosed. Mr Grilli replied that all relevant employment information would be shared with bidders. The Chair advised that the Racecourse staff had been reassured by letter regarding TUPE.

Decision

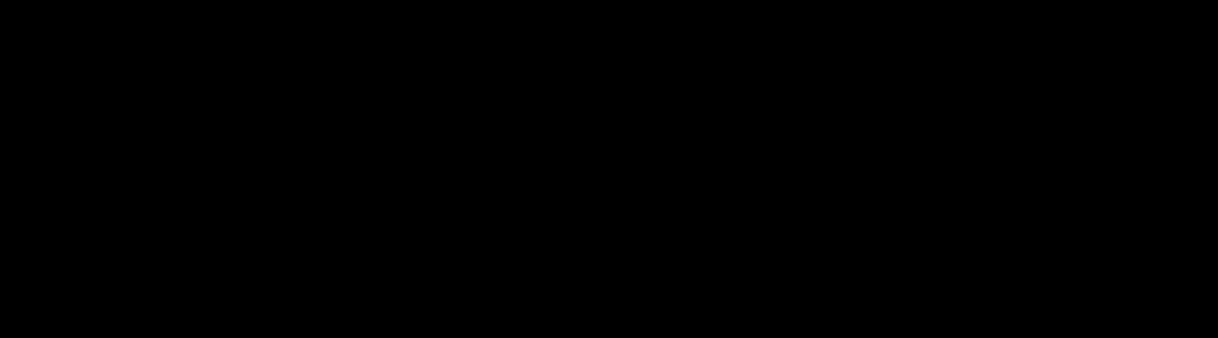
The Committee agreed to note the position.

PRIVATE

Private Minutes of 18 December 2018



Matters Arising from Minutes of 18 December 2018



6 RACECOURSE GENERAL MANAGER'S REPORT

The Racecourse General Manager had submitted a report to provide the Committee with an update on the general management of the Racecourse and any matters requiring the attention of the Committee.

Mr Farnsworth presented his report.

Sederunt: Sarah Montgomery left the meeting

2.1 HR Matters

Mr Farnsworth advised that racecourse employees were represented at an ACAS conciliation meeting on 28 February 2019 by himself, Douglas Kennedy, Philip Duncan and Barry Fletcher (GMB union). He also gave an update on staff changes and provided details of a disciplinary matter in respect of a member of staff.

Mr Anderson Green asked the basis of the Chair's attendance and her authority to act. The Chair stated that she attended as MRAC Chair. Mr Miller Bakewell stressed that all the MRAC were the employer, not solely the MRAC Chair.

Decision

The Committee agreed to delegate to the Chair and the Racecourse General Manager to manage disciplinary proceedings against a member of staff.

Councillor Forrest stated he was concerned that Mr Farnsworth encouraged staff to make ad hoc deals with individuals, for example race tickets in return for goods or services. He considered that this was not acceptable and Mr Farnsworth replied that some people preferred race tickets and a meal in the bistro to payment. The Head Groundsman, for example, still had to pay for any benefits given out of his budget, and everything was recorded and transparent.

2.2 Staff Pay Award

Mr Farnsworth asked the Committee to approve a cost of living pay award submitted by the Trade Union of 3% for the year commencing 1 April 2019.

The Chair asked how the pay increase would impact on the budget and Mr Farnsworth replied that the Racecourse had a duty to remunerate staff fairly. He also considered that the proposed increase was affordable.

Sederunt: Bill Farnsworth and Douglas Kennedy left the meeting

The Committee discussed the merits of the proposed increase in the context of other pay awards and former negotiations.

Councillor Forrest did not approve of the pay award in view of the expected deficit.

The Chair considered that the 3% pay increase was reasonable as staff were the greatest asset to the Racecourse and they had worked through challenging times.

The Chair moved to a vote on a 3% cost of living award for staff.

For – 5

Against – 1

Decision

The Committee agreed by a majority to approve a 3% pay increase for staff.

Sederunt: Bill Farnsworth, Sarah Montgomery and Douglas Kennedy returned to the meeting.

2.3 Britbet

Mr Farnsworth stated that he was not concerned about the Racecourse's investment in Britbet but confirmed there had not yet been any return on this investment. He advised that Britbet would repay the money when they could afford to, but there were no guarantees. He anticipated that it would take approximately 4 years for the investment to be repaid.

Mr Farnsworth also updated the Committee on the Alizeti offer, outlining the key commercial elements and explaining what this means for the Racecourse. He advised that there was no clarity on the repayment of the Alizeti deal.

2.4 Harness Racing

Mr Farnsworth stated that, based on the budget, he expected that the Harness Racing fixture on 22 June 2019 would achieve a £5,000 profit.

2.5 Stables Café

Mr Farnsworth advised that he had attended a meeting with Enjoyleisure to express his disappointment with the ratings for the café in the NARS (National Association of Racing Staff) Ratings 2018. Due to the low scoring of the café, management was now considering alternative arrangements for stable staff, which include replacing the use of

the café by providing refreshment vouchers to be used in the Racecourse catering outlets. This would cost the MRAC the same amount as was currently paid to Enjoyleisure (£750 per meeting) but the staff would get a free meal and drink. The NARS report showed that, currently, over half of Racecourses offer a free meal to stable staff. Mr Farnsworth stressed that the racecourse's BHA licence required the building to remain open.

The Chair requested more details on the affordability of alternatives and on where stable staff could rest and eat their food. She also asked if this was the right time to introduce a change to arrangements. The Committee discussed possible changes to the current arrangements in detail and Mr Farnsworth responded to questions.

Decision

The Committee agreed that more information would be required before a decision on alternative arrangements could be made.

2.6 Irrigation Supply

Mr Farnsworth advised that, after experiencing difficulties with Forth Fisheries Trust (FFT) in 2018, he had been advised that FFT were installing a salmon protection gate at the sluice gate at their expense. This was a good outcome for the Racecourse. However, the Council would need to invest in a borehole for the future.

2.7 Buildings Conditions Survey

Mr Farnsworth asked the Committee to approve completion of remedial work recommended in a conditions survey of the Racecourse. The quote for this work was £23,000 but he was confident the work could be carried out for approximately half this amount.

The Chair was concerned that the budget would not be able to bear the cost of these works and Mr Farnsworth stated that he would soon be in a position to come back to the Committee with a more detailed budget.

Decision

The Committee agreed to delegate to the Chair and Mr Farnsworth on approving any essential works.

2.8 Landscaping Work

Mr Farnsworth asked the Committee to approve completion of the landscaping works to Loretto Lawn and the Food Court. The first stage of this work had been completed and the second phase, which was critical for the improved layout and operation of Ladies Day would cost a further £10,000.

Decision

The Committee agreed to approve an additional expenditure of £10,000.

Councillor Forrest asked if discussions had taken place directly with the Golf Course or through Enjoyleisure when arrangements were being made for the fixture to replace the Cheltenham weekend. Mr Farnsworth outlined the discussions which had taken place with both Mr Sills (Enjoyleisure) and Mr Armstrong (Golf Club) and confirmed that £3,000

in compensation had been paid to the Golf Club who had agreed to move a Club competition off the proposed date for the extra raceday.

Decision

The Committee agreed to note items 2.1 to 2.8 and to make decisions where appropriate, all as noted above.

Sederunt: Mr Farnsworth, Ms Montgomery and Mr Kennedy left the meeting.

9 COUNCILLOR CURRIE – CORRESPONDENCE UPDATE- VERBAL REPORT

Councillor Currie advised that, in respect of enquiries which were ongoing, he was expecting to receive a response from the General Manager within a few days to questions he (Councillor Currie) forwarded in an email. To avoid an undue delay in progressing the enquiries, he proposed delegating authority to the Chair to take forward.

Mr Anderson Green objected to delegating authority to the Chair, stating that information should be brought back before the Committee. Mr Miller-Bakewell stated that he too would be uncomfortable with any process which did not involve bring the findings of the enquiry back to the Committee.

The Committee discussed how the enquiry would be best taken forward, with a view to reaching a decision as soon as possible. Mr Anderson Green stated that the LRS had requested a special meeting of the MRAC and perhaps the matter could be discussed at this meeting. Mr McCrorie agreed that further information could come to this meeting and suggested it should take place as quickly as possible.

The Chair then moved to a vote on whether to delegate authority to the Chair to progress the enquiry being carried out by Councillor Currie. Councillor Forrest did not participate in the vote, considering himself conflicted due to his earlier role in the process and Councillor Currie abstained due to his current role in the process.

For – 2
Against – 2
Abstain – 1

Decision

The Committee agreed, with the casting vote of the Chair, to delegate authority to the Chair to progress the enquiry.

Sederunt: Mr Farnsworth, Ms Montgomery and Mr Kennedy re-joined the meeting. Councillor Currie left the meeting.

7 FINANCE – QUARTER 1-4 REVIEW 2018-19

A report had been submitted by the Racecourse General Manager & Financial Manager to update the Committee on the profit/loss forecast for the year from 1 April 2018 to 31 March 2019 at the end of the first and second quarter.

Bill Farnsworth presented the report, updating the Committee on the Forecast Fixed Expenditure and the Forecast Profit/Loss figure. He also advised what the closing balance sheet position on 31 March 2019 was expected to be after additional expenditure on exceptional costs associated with the tender process, and legal fees. In respect of income from media rights, Mr Farnsworth advised that RMG had indicated that Musselburgh might receive £91.8k in part or in full at the end of the financial year (31 March 2019) but this sum was not guaranteed.

Mr Farnsworth stated that this had been a very difficult year for the Racecourse for many reasons, and pointed out that the Racecourse had lost 4 out of 12 jump fixtures over a period of a few weeks. He was therefore expecting the end of year results to show a significant loss.

Mr Anderson Green asked what additional costs had been incurred with Pinsent Masons since July 2018 and Mr Grilli replied that additional invoices totalling £135,000 (including VAT) had been received and he was presently challenging this sum. In his view, a more accurate figure for outstanding costs would be £100,000.

In response to a question from Mr Anderson Green on the tender documents, Mr Grilli explained the position relating to the transfer of plant, machinery, fixtures and fittings to the new operator. Mr Grilli also advised that any income in the form of receipts for the sale of machinery etc. from the procurement process would go towards off-setting any deficits.

Mr Farnsworth stated that the Racecourse would not have cash in the bank if legal fees were paid from the Racecourse account. Mr McCrorie asked Mr Farnsworth if he had made special arrangements for an overdraft facility to fund the deficit. Mr Farnsworth replied stating that the Racecourse had always used an overdraft facility with ELC and he had expected Mr McCrorie to know this. Mr Farnsworth informed Mr McCrorie that he had not made special arrangements to fund the deficit because this had resulted from Council Officials' spending on legal fees. However, Mr McCrorie advised that arrangements would need to be put in place as a contingency measure.

Mr Farnsworth agreed to circulate updated financial reports to Committee members.

Decision

The Committee noted and approved the financial performance to date and the forecasts to the year ending 31 March 2019.

8 2019-20 BUDGET REPORT

The Racecourse General Manager & Financial Manager had submitted a report to update the Committee on the profit/loss forecast for the year from 1 April 2019 to 31 March 2020 at the end of the first and second quarter.

Bill Farnsworth presented the report, stating that there were many variables in the draft budget including RMG income, the level of attendances, the impact of LBO (Licensed Betting Office) closures, the impact of reduced prizemoney and Brexit. He therefore suggested that he circulate an accurate budget by email when all the figures were known.

When advised that the Committee could not approve the budget by email, he proposed that a special MRAC meeting was arranged to approve the budget.

The Chair stated that the Committee acknowledged the challenging position the Racecourse was presently in.

Decision

The Committee agreed to comment on and note the budget report to date and agreed to approve the 2019-20 Budget at a special MRAC meeting, to be arranged for a later date when accurate figures were known.

Signed

Councillor F O'Donnell
Chair of Musselburgh Joint Racing Committee