



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

**TUESDAY 25 JUNE 2019
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

Committee Members Present:

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

In Attendance:

Mr B Farnsworth, Racecourse General Manager (Items 1-10, and 14)
Ms S Montgomery, Racecourse Commercial Manager (Items 1-9)
Mr D Kennedy, Racecourse Financial Controller (Items 1-9)
Mr A McCrorie, Depute Chief Executive (Resources and People Services), ELC
Mr C Grilli, Service Manager, Legal and Procurement, ELC
Ms J Mackay, Senior Communications Adviser, ELC (items 1-9)

Clerk:

Ms S Birrell

Apologies

None

Declarations of Interest

None

1. APOLOGIES

There were no apologies.

Before the commencement of the business of the main meeting, Mr Miller-Bakewell asked three questions regarding the circulation of papers to members of the MRAC who were part of the LRS, and inclusion of MRAC members who were part of the LRS in additional meetings. The Chair apologised for administrative failures regarding distribution of papers, and asserted that the other issues would be clarified at later points on the Agenda.

2. MINUTES OF MEETINGS FOR APPROVAL: 18 MARCH 2019 & 23 APRIL 2019

Mr Miller-Bakewell suggested one change to the public minute of 18 March, and two changes to the public minute of 23 April. Mr McCrorie reminded the Committee that the minutes were designed to give a summary of discussions, and were not a verbatim record of the meeting.

Decision

The Committee agreed to approve the public minutes as a true record.

3. HEALTH & SAFETY REPORT

The Racecourse General Manager, Mr Farnsworth, gave a verbal report on Health & Safety, informing the Committee that he had met with Mr Axon, the General Manager of Enjoy Leisure, to discuss how activities on the Racecourse and Golf Course were accommodated, as the current protocol was preventing the smooth operation of community events at the Racecourse. A Health & Safety Consultant would be engaged to provide a risk assessment with the brief to be agreed by Mr Farnsworth and Mr Axon. The Chair congratulated Mr Farnsworth on his commitment and perseverance in this matter, remarking that Mr Axon had been impressed with the Racecourse staff's enthusiasm and commitment.

Councillor Currie mentioned the application of byelaws which prevented the consumption of alcohol in public places and included the Musselburgh area, and suggested this should be discussed between Racecourse staff and Police Scotland.

Decision

The Committee agreed to note the verbal report.

4. BHA LICENCE/REGULATION

The Service Manager, Legal and Procurement, Mr Grilli, gave a verbal report regarding the temporary licence for racing which had been granted by the BHA from January-

October 2019, and the cognisance of how the licence would function during the transfer to the new operator's licence. The MRAC was keen to ensure that there was always an operator's licence in place for the Racecourse. At this time, the procurement process was on target and would be concluded by October 2019. Mr Grilli informed the Committee that he would consult with Mr Farnsworth regarding ongoing decisions with the BHA and how best to proceed with the transfer of the licence.

Mr Farnsworth reported that he was not concerned at this time, partly because the flat racing season would end on 15 October 2019. This could mean there was no requirement for a licence until 1 November 2019.

The Committee discussed the operator licence, whether, if the new third party operator already held a licence for racing, this would shorten the time to process the new application, and the date that the identity of the new third party operator would enter the public domain. The Committee recommended that a decision on the procurement process should be brought to a full meeting of East Lothian Council, even if it was solely for noting at that time.

In response to a request from Mr Anderson Green, Mr Grilli agreed to meet with Mr Anderson Green to discuss the progress of the procurement process.

Decision

The Committee agreed to note the verbal report.

5. FINANCE – REVIEW 2018/19

A report had been submitted by Mr Farnsworth 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.

Mr Farnsworth spoke to the report, informing the Committee that there were very few changes to the Review of 2018/19 since the report had been brought to the last meeting of the MRAC, and that after questions he would pass to the Racecourse Financial Controller, Mr Kennedy, to update the Committee on the Audit process.

In response to a question from Mr Anderson Green regarding contingent liabilities, Mr Kennedy indicated that a management report had been received from Scott Moncrieff business advisors and accountants, which raised some questions over the accounts. The Racecourse were awaiting a further response from the Council on this matter. The Depute Chief Executive, Mr McCrorie, clarified that the requested response had been submitted. Mr Kennedy reported that there had been one or two issues raised regarding legal fees which had been recharged to the Racecourse from East Lothian Council. He quoted from the report, which had stated that East Lothian Council had engaged Pinsent Masons to assist with the procurement process, and that a working group which had included members who were not members of the MRAC. The Chair refuted this last sentence as incorrect. Douglas Kennedy informed the Committee that there was an audit sub-committee meeting scheduled for 23 July.

The Chair called for order due to overlapping speakers at this time.

The Chair suggested that, due to the timing of the report, and the requirement to complete and sign off the 2018/19 accounts, she would recommend that the Committee agreed to delegate their finalisation to her, in conjunction with Scott Moncrieff and the Racecourse staff team.

The Committee discussed the requirement for a meeting of the Racecourse Audit Group/Committee to approve the accounts. It was confirmed, by the Chair, that the Audit Group had been an unofficial working group and was not required to meet to approve the 2018/19 accounts. The Chair added that there would be no amendments made to decisions already approved by the MRAC in the finalising of the accounts for 2018/19. Councillor Currie noted his concerns over attempts to discuss information that had been brought to the meeting but was not part of the business of the meeting as outlined in the agenda, or included in the papers or information circulated for the meeting.

A vote was taken on the recommendation of the Chair to note and approve the financial performance to date and the forecasts to the year ending 31 March 2019, and to delegate the finalisation of the accounts to the Racecourse General Manager, the Racecourse Finance Manager, and the Depute Chief Executive (Resources and People Services) of East Lothian Council, in consultation with Scott Moncreiff and for signing by the Chair.

Vote

| | |
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| For | 3 |
| Against | 2 |

Decision

The Committee agreed to note and approve the financial performance to date and the forecasts to the year ending 31 March 2019, and to delegate the finalisation of said accounts to the Chair in consultation with Scott Moncreiff, Mr Farnsworth and Mr Kennedy, and Mr McCrorie.

6. FINANCE – QUARTER 1 – REVIEW 2019/20

Mr Farnsworth 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 quarter.

Mr Farnsworth spoke to the report, informing the Committee that the Levy Board's £17 million shortfall had impacted unfavourably on the Racecourse's finances. This shortfall would appear in the accounts from July 2019 as a reduction to Raceday Service Grants, and a £20,000 reduction in prize money. The Racecourse had made cutbacks as a result of this, but were still expecting a total annual profit/loss of £70,836, which was £12,990 below budget for the year. Despite this, Mr Farnsworth was satisfied with the situation at this time, given that the year end 2020 was some months away.

In response to a question from Mr Anderson Green, Mr Grilli confirmed that all invoices from Pinsent Mason had been forwarded up to and including March 2019, but that further invoices were potentially forthcoming. He was still working on the legal figures at this time.

The Chair asked whether there were plans to replace the race card with an online or app-based programme. The Racecourse Commercial Manager, Ms Montgomery, commented that there were no apps of this kind available at this time, and that Wetherby's, who sponsored the race card, provided a competitive deal. Canvassing of race goers had shown a preference for the traditional race card.

The Chair asked for an update on sponsorship. Ms Montgomery confirmed that there were ongoing discussions within the Racecourse staff team on this matter and challenges to sponsorship had been identified following reporting on animal welfare issues at the Racecourse. The programme of sponsorship from local house builders changed year on year, but so far the anticipated closure of betting shops had not been as impactful as expected. Mr Farnsworth explained that racing was still popular and had embraced new

technologies, but required to remodel their relationship with betting shops, which would be a difficult due to the involvement of the antiquated model of the Levy Board.

In response to a question from Mr McCrorie, Mr Farnsworth clarified that the figures in the Appendix to the report represented an update to the content of the report itself.

It was confirmed that there were three places in the report where 2018/19 should read 2019/20.

Decision

The Committee agreed to note and approve the financial performance to date and the forecasts to the year ending 31 March 2020.

7. OPERATIONS AND COMMERCIAL REPORT

Ms Montgomery had submitted a report to update the Committee on the commercial and operational performance of the Racecourse for 2019/20.

Ms Montgomery spoke to the report, drawing the Committees attention to the positive returns for, and responses to, Ladies Day. She would have final details on Ladies Day for the next meeting. She advised that, as per her report, the Racecourse were happy to support the campaign for Great British Racing for under 18s.

The Chair asked about Easter race days, Ms Montgomery confirmed that attendance had increased. Mr Farnsworth added that a sponsor had not been found for racing over the Easter weekend.

Decision

The Committee agreed to note the report.

8. GENERAL MANAGER'S REPORT

Mr Farnsworth had submitted a report to provide the MRAC with an update on the general management of the Racecourse and any matters requiring the attention of the MRAC.

Mr Farnsworth spoke to the report, informing the Committee that maternity cover had been sourced for the post of Racecourse Marketing Manager, a key part of the team. The post of Head Groundsman had been renamed Track and Grounds Manager, and this post had also been filled.

Mr Anderson Green asked if the Committee could discuss the meeting held that was mentioned at paragraph 3.1.1 of the report. The Chair confirmed that this had not been a grievance meeting, but a meeting to allow staff to raise a number of issues, all of which would be responded to as soon as possible. In response to further questions from Mr Anderson Green, the Chair added that she had no additional details of the meeting to bring to the MRAC at this time. She maintained that it had been a positive, yet challenging meeting, and it was essential for her to understand the level of concerns within the staff at the Racecourse. She reminded the Committee that this matter would be discussed further in private business.

Mr Farnsworth commented that the Landscaping Work had been carried out within budget and that this remodelling had been essential for Ladies Day.

Decision

The Committee agreed to note and approve the reported HR Matters and Landscaping Work.

9. 2019-20 BUDGET REPORT PLUS 2019 APRIL TO OCTOBER REPORT

Mr Farnsworth had submitted a report to present the draft of the 2019/20 Budget and the draft of the 2019 April to October budget for approval.

Mr Farnsworth spoke to the report, which represented the budget for 2019/20 and a budget from April to October inclusive, to reflect the time before the transfer to a third party operator. He drew the Committee's attention to the anticipated profit/loss for the year to October, which was £43,559, and recommended that a financial reconciliation would be required with the new operator.

Mr McCrorie updated the Committee on the suggested way forward contained in the report of the April to October budget, confirmed that the auditor could not support the suggestion contained at paragraph 3.3.9.

Mr Anderson Green asserted that the decision to move to a third party operator had been taken by East Lothian Council, who also stood to gain from an increase in rent, and recommended that there should be some kind of financial compensation to the MRAC. The Committee discussed rent levels and whether rent would have increased if the Racecourse had continued under MRAC's jurisdiction. Mr Grilli added that the value of the Racecourse had taken into account improvements made to the facility under the MRAC.

Mr Farnsworth pointed out that if none of the suggested ways forward were possible, the Racecourse would be in financial deficit at the time of transfer to a third party operator. The Committee discussed this issue in detail, particularly the notion of whether the Racecourse was viewed as 'a going concern.' There were a range of views presented from officers and MRAC members. Mr McCrorie drew the Committee's attention to page 79 in the papers, which noted a pathway to a balanced budget, or something close to this. Mr Farnsworth reminded the MRAC that there were anticipated legal costs for a number of outstanding HR issues. Mr McCrorie reminded Mr Farnsworth that it was his responsibility to manage costs as he had been instructed. Mr Farnsworth noted his concerns over the Racecourse's unbudgeted spend of around £350,000 on HR issues.

Mr Kennedy quoted from correspondence with the Racecourse Auditor which had raised queries over the financial liabilities and the net liabilities of the MRAC, the tender process, and lack of explicit information available, as well as large increases in the costs associated with payroll.

Mr Miller Bakewell advised that the management team at the Racecourse were only able to manage finances they controlled. There was a short discussion on the increase to salary to match the rise in the cost of living and the Chair asked whether the General Manager should have proposed a cost of living pay award given the Racecourse was now in deficit. Councillor Currie reminded those present that officers were not invited to comment or critique decisions made by the Committee.

Mr Anderson Green called for openness on these issues. He observed that £2 million had been spent on improvements to the Racecourse, and the new operator would be paying a substantially higher rent than the MRAC were currently paying.

Mr McCrorie asked whether the budget pages attached to the report were feasible without the suggested options contained in the body of the report. Mr Farnsworth confirmed that

budget figures were separate from the suggestions for cost-saving contained within the report. Mr McCrorie recommended that the budgets should be approved on the basis that the Racecourse would continue their efforts towards bringing a positive balance sheet by October 2019.

Decision

The Committee agreed to approve the 2019/20 budget.

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

SUMMARY OF PROCEEDINGS – EXEMPT INFORMATION

The Chair informed the MRAC that they would exclude the public from the following business containing exempt information by virtue of Paragraph 1 (information relating to particular employees of the authority) of Schedule 7A to the Local Government (Scotland) Act 1973.

The Committee resolved to take item 14 from the Agenda, BHA Consultation, after item 10, HR Matters.

10. PRIVATE MINUTES OF MEETINGS FOR APPROVAL: 18 MARCH 2019 & 23 APRIL 2019

Mr Anderson Green proposed two changes to the minute from 18 March 2019.

The private minutes were otherwise approved as a true record.

11. HR MATTERS

Mr Farnsworth gave a verbal update on HR Matters.

12. BHA CONSULTATION: CONSULTATION REPONSE

The Depute Chief Executive had submitted a report to update the MRAC on responses to the BHA Racecourse Licensing Review.

The Chair wished the Racecourse General Manager with the surgery he would be undergoing before the next meeting.

Sederunt: the Racecourse General Manager left the meeting.

13. HR MATTERS (CONTINUED FROM 23 APRIL 2019)

A report had been submitted by the Lothian's Racing Syndicate to discuss HR matters.

14. STAFFING MATTERS (CONTINUED FROM 23 APRIL 2019)

A report had been submitted by the Lothians Racing Syndicate to review recent and current staffing matters.

Signed

Councillor F O'Donnell
Chair of Musselburgh Joint Racing Committee

Signed

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