



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

**MONDAY 20 APRIL 2020
MEETING HELD BY CONFERENCE CALL**

Committee Members Present (via Skype/Phone):

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

In Attendance (via Skype/Phone):

Mr B Farnsworth, Racecourse General Manager
Mr D Kennedy, Racecourse Financial Controller
Mr A McCrorie, Depute Chief Executive, ELC
Mr C Grilli, Service Manager, Legal and Procurement, ELC

Clerk (via Skype):

Mrs L Gillingwater

Apologies:

None

Declarations of Interest

None

1. PUBLIC MINUTES OF MEETING ON 24 MARCH 2020 FOR APPROVAL

Noting the decision of Mr Anderson Green and Mr Miller-Bakewell not to agree the minute, on the basis that two proposed amendments to Item 4 had been rejected, the remaining members of the Committee agreed to approve the public minute of the meeting of 24 March as a true record, subject to the following amendments:

Item 2: Procurement/General Update – para. 4 I. 1 to be amended to read: ‘Mr Miller-Bakewell asked why the transfer had not been concluded on 1 March as was initially envisaged’.

Item 2: Procurement/General Update – para. 5, I. 1 to be amended to read: ‘licences [rather than licence]’.

Item 2: Procurement/General Update – para. 5, II. 4-5 to be amended to read: ‘the current BHA licence would fall and Chester’s licence would take effect’.

Item 2: Procurement/General Update – para. 6, II. 4-5 to be amended to read: ‘Councillor Mackie and Councillor Forrest also spoke in support of the proposal to seek an extension of the BHA licence to the end of 2020’.

Item 2: Procurement/General Update – para. 7, to be added at the start of the paragraph: ‘Mr Farnsworth advised the meeting that this was the first indication that he’d received that the planned handover date was now 31 March; further, this had not been communicated to the Racecourse staff. Consequently, it was the view of the GMB representative that MRAC was in breach of its TUPE obligations’.

The Chair noted that Mr Anderson Green had submitted a proposed change to the minute which she had not accepted on the grounds that it related to confidential information that could not be disclosed in public, in accordance with Standing Orders. Mr Anderson Green voiced his objection to the Chair’s refusal to take account of the issue he had raised, claiming that he had been censored.

2. FINANCE REPORT

The Racecourse General Manager provided the Committee with an update on the current financial position of the Racecourse.

With reference to financial information provided to the Committee, Mr Farnsworth advised that he and Mr Kennedy had prepared the data based on the assumption that there would be no racing before 1 July. He anticipated that when racing resumes it will be behind closed doors with restrictions in place. He suggested that Ladies Day could be postponed to August or September, adding that if restrictions were still in place at the end of September, Ladies Day 2020 would have to be cancelled, and this would have a significant financial impact. He also assumed there would be no hospitality income or expenditure for the remainder of the financial year. On RMG media rights income, he advised that this could reduce from £794,000 to £491,000, and SIS income would decrease by c. 30%. He did point out, however, that in Ireland, online betting had increased by 300% following the closure of betting shops, and he anticipated that in the absence of

other sports events taking place, betting on and viewing of 'closed-doors' horse-racing online could increase significantly. He also highlighted the potential impact of the lockdown on breeders, bookmakers and sponsorship. Mr Farnsworth provided an update on the current financial position, reporting that after CAPEX and exceptional costs, the Racecourse would be starting the new financial year with a cash position of just under £95,000. He anticipated that there would be losses of £275,000 this year, which would leave the Racecourse with a deficit of approximately £180,000. He recognised that this was not a good position to be in, but did not see it as disastrous, adding that he was confident that the Racecourse would recover to be a viable and profitable business. He indicated that the focus for the next 2-3 years would be repaying the deficit and re-building the reserves.

Councillor O'Donnell asked about financial assistance available to the Racecourse. Mr Kennedy advised that 100% rates relief for 2020/21 had been secured. He also noted that he had spoken to the bank about the £250,000 interest-free loan scheme, but that it was unlikely the Racecourse would qualify on the basis that the Racecourse was included in the Council's group accounts. Mr Farnsworth added that the Levy Board was not minded to provide financial assistance to racecourses, despite holding reserves of £54m; rather, it was looking to help fund the resumption of racing. He warned of the consequences of the funding situation on smaller racecourses in particular, noting that those courses were lobbying the Levy Board for support. In short, he advised that there would be no financial assistance from the industry for Musselburgh. He was of the view that the Levy Board should be providing abandonment payments to racecourses, and that these views had been fed back to the RCA, which had also been lobbying the Levy Board, but with no success to date.

Mr Anderson Green asked for an update on exceptional costs. Mr Kennedy advised that the figure was currently £15,030, including fees from Harper Macleod, but that he was still awaiting confirmation from the Council on additional fees. Mr McCrorie advised that he was still to calculate the recharge costs for his and Mr Grilli's time, as well as additional costs associated with TUPE, and pointed out there would be no reason for MRAC to scrutinise these fees. Mr Anderson Green asserted that it was not acceptable that such costs could not be scrutinised by the Committee; he further advised that the LRS would seek a special meeting of the Committee to look into HR and consultancy matters over the past few years.

Observing that Racecourse staff had been furloughed, Councillor Currie pointed out that local authorities were not entitled to furlough staff, and therefore questioned the position taken by the bank in relation to the interest-free loan facility, namely that the Racecourse did not qualify for a loan because it was deemed to be part of the Council. He also felt that the suggestion that racing may start in June or July was optimistic, and expressed concern at the lack of support for racecourses from the racing industry.

Mr Kennedy explained that the bank would not deal with him directly, as the Racecourse's account had been set up by the Council. He added that any application for a loan or overdraft would need to be made through the Council, despite the VAT/PAYE arrangements being separate from the Council. The Chair undertook to discuss this matter further with Mr Kennedy outwith the meeting.

Councillor Currie suggested that he could raise the issues discussed with Kenny Macaskill MP. Mr Farnsworth welcomed this assistance, emphasising the need for racing to restart at the earliest opportunity, even if it was behind closed doors. He believed that race meetings could take place safely and within government guidelines.

Decision

The Committee agreed to note the finance update.

3. PROCUREMENT/GENERAL UPDATE

A verbal report was delivered by the Council's Service Manager – Legal and Procurement, providing an update on the procurement process and other related matters.

Mr Grilli advised that he had been in contact with the BHA to seek an extension of the licence until the end of the calendar year, but that the licence had not been extended at this time due to all racing being suspended. As it was unlikely that there would be any racing taking place in Musselburgh before June/July, he was not concerned about this situation; however, the licence would need to be in place when the restrictions were lifted in order for racing to resume. On the procurement process, he advised that the COVID-19 situation had affected progress, and that further discussions with Chester would be taking place. He advised that the transfer date was still unconfirmed.

Councillor Currie expressed his disappointment at the BHA's position as regards the licence, as it created additional uncertainty. He commented that given the situation with the industry at present, the BHA should be doing everything possible to support the Racecourse and the racing industry. His views were supported by Councillor Forrest, who added that the BHA should be looking ahead to supporting the resumption of racing, and using its power to assist racecourses.

Mr Anderson Green remarked that the BHA may be 'fed up' with the situation at Musselburgh, and may be using the licence issue to exert pressure in order to get the transfer concluded. He asked if Chester had raised any issues that would indicate the transfer was in jeopardy, remarking that the transfer should have been concluded before the end of 2019.

Councillor Currie voiced concern at Mr Anderson Green's comments, and asked for clarification as to whether the BHA's decision not to extend the licence had been a deliberate act. Mr Anderson Green advised that his comments were merely his own views, and that he had not received any such information from the BHA.

Mr Grilli confirmed that he would not be discussing the procurement process in the public session of the meeting, as this remained confidential. He shared the disappointment of Committee members in relation to the issue with the extension of the licence.

Mr Miller-Bakewell asked Mr Grilli if there was a new target date for completion of the transfer, and if so, what the odds were on completing the transfer on that date. He also asked what would happen if the transfer to Chester did not go ahead. Mr Grilli confirmed there was currently no new date for completion of the transfer, and that there were numerous options available should the deal not conclude.

Decision

The Committee agreed to note the position on the handover date to Chester Racecourse.

SUMMARY OF PROCEEDINGS

The Chair informed the MRAC that they would exclude the public from discussion of Items 4-6, and the minute of private business from the meeting on 24 March 2020, which contained exempt information by virtue of Paragraph 6 (information concerning the financial or business affairs of any particular person other than the Authority) of Schedule 7A to the Local Government (Scotland) Act 1973.

Employee Retention Scheme

A private report concerning the retention of employees during the COVID-19 outbreak was noted.

Pay Awards

A private report concerning the annual pay award for Racecourse staff was approved.

HR Matters

A private report concerning HR matters was approved.

Private Minute of the MRAC Meeting of 24 March 2020

The private minute of the meeting of 24 March 2020 was approved, subject to one amendment.