

Council

Minutes of a special virtual meeting by Microsoft Teams Saturday 11 April 2020 at 13:00

Present on Teams:	Craig Poxon	-	Chair
	Paul Applegate		
	Mary Barratt		
	Mark Bayada	-	MDC Chair
	Adrian Bond	-	Vice Chair
	Jack Davies		
	Natasha Higman	-	Treasurer
	Kate Lindsley		
	Simon Soper		
	Sue Stanhope		
In attendance on Teams:	Liz Ashley	-	Editor, Skydive the Mag
	Tony Butler	-	Chief Operating Officer
	Angel Fernandez	-	Communications Manager
	John Hitchen	-	Vice President
	Lise Moore	-	Finance Manager
	Martin Shuttleworth	-	Secretary-General (Secretary)
	Martin Soulsby	-	Vice President
Apologies for absence:	Sam Lee	-	EPC Chair
	Jeff Montgomery	-	Safety & Technical Officer & STC Chair (on furlough)
Observers:	Kieran Brady	-	Skydive Strathallan
	Alex Busby-Hicks	-	Skydive Tilstock
	Mike Carruthers	-	Skydive Northwest
	Bryn Chaffe	-	Sky High
	Martin Crossley	-	North London Skydiving Centre
	Jeremy Denning	-	JSPW-Netheravon
	Mike Evans	-	Sky High
	Ady King	-	RAF Weston on the Green
	Martin Harris	-	London Parachute School
	Jane Hopkins	-	Skydive Headcorn
	Pete Marsden	-	Skydive Isle of Wight
	Pete Mather	-	Sky High
	Grant Richards	-	UK Parachuting
	Mally Richardson	-	Skydive Jersey
	Helen Simpson	-	RAFSPA
	James Swallow	-	Skydive Hibaldstow
	Gareth Thomas	-	Skydive Langar
	Jason Thompson	-	UK Parachuting
	Paul Yeoman	-	Black Knights
	Ben Wood	-	Cornish Parachute Club
	Dave Wood	-	Cornish Parachute Club

Item	Minute
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43/20	<u>Fourth special meeting</u>
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This fourth special virtual meeting had been convened to consider the effect on the sport of the national lockdown during the coronavirus pandemic.

44/20	<u>Declarations of interest</u>
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Per minute 20.

45/20 **Minutes**

COUNCIL APPROVED the minutes of the second special virtual meeting on Saturday 4 April 2020 (circulated) as a correct record.

46/20 **Reports to Council**

46.1 Operations Manual - consultation on permissions and exemptions

The COO reported that he had circulated a consultation paper (circulated with the agenda) to DZOs, Chief Instructors and Council on possible one-off extensions to permissions or exemptions in the Operations Manual once skydiving was able to resume when government measures against the spread of coronavirus started to ease. Consultation was open until Friday 24 April, after which he would prepare a paper for STC and Council. The intention would be to provide contingency plans to be activated once we had indications of when the sport might be likely to resume.

Ongoing

46.2 Report from MDC meeting on Tuesday 10 March 2020

The draft minutes of the MDC meeting held on Tuesday 10 March 2020 had been circulated with the agenda. These minutes were currently with MDC for consideration for electronic approval.

Mark Bayada (MDC Chair) reported that he planned to hold a Teams meeting next week with the chairs of the working groups MDC had established, together with the COO and the Secretary, and any other Council members who might wish to take part. The meeting would be to discuss the work that the MDC working groups might be able to progress with less staff support than usual, as approximately half the British Skydiving staff were currently on furlough.

The next meeting of MDC, which would now be virtual, was scheduled for noon on Tuesday 5 May followed by a meeting of EPC, for those involved, at 15:00 on the same day. By then it was likely that both committees would more accurately be able to forecast the effect of coronavirus control restrictions on competitions and events for the remainder of 2020.

The Treasurer acknowledged that she had agreed to prepare pro-forma budgets for both MDC and EPC for the relevant committees to complete with their budget requests. However, in light of other tasks had not been able to complete these, as a result of variations to plans caused by the current national lockdown and the possibility that social distancing measures might continue in some form beyond that she requested that the Chairs of EPC and MDC confirm by when they were likely to formulate their requests by and hence need the pro-forma documents. They would then need to be considered by Council at its scheduled June quarterly meeting and consider the very different cashflow position of British Skydiving now compared with what would have been expected in a normal year.

Action: Chairs of EPC and MDC

46.3 Membership subscription rates

The COO reported that he was continuing to liaise with the insurance brokers to seek to secure the insurers' agreement to pro-rata insurance premiums (the insurance element of the membership subscription) for members renewing later in the year because of the coronavirus shutdown. Following the increase in indemnity limit from £5m to £10m from 1 April 2020, two underwriters were now involved, the indemnity to £5m being covered by the first insurer, which had already agreed to a pro-rata arrangement; and between £5m and £10m by the second, which was still being consulted.

Council had previously agreed (minute 39.2) that the British Skydiving element of the membership subscription would be charged on a pro-rata basis for members renewing later in the membership year, and it was to be hoped that the insurers would agree to match this, or at least go some way to do so. Council had previously agreed (also in minute 39.2) that members who renewed on time would be offered a discounted period from their renewal subscription for the following year, beginning on 1 April 2021, to take account of the downtime in the sport consequent on government restrictions on gatherings that prevented skydiving from taking place.

46.4 Skydive the Mag

A paper from the Editor had been circulated with the agenda, together with a production report by Warners on the April issue. The Editor spoke to her report which outlined options and her suggestions for the production schedule and mailing list for the planned June and August issues. Options included consolidating these into a single issue in July (minute 39.5, in which Council had decided to postpone a firm decision until as late as possible). No immediate decision was needed, and the Editor would continue to prepare content for whatever production schedule was agreed upon. The Chair said Council would continue its

watching brief by way of a standing agenda item on the Mag, and he would take a proposal in due course at the next or a future meeting.

Decision deferred, per minute 39.5

46.5 Digital communications

The Communications Manager reported orally on digital communications. Since the last meeting, there had been a 26% drop in page views on Facebook, in contrast to an 87% increase in post engagement. Our member heroes were stimulating this by our compelling reports of their contributions to the national effort during the coronavirus pandemic. He then outlined his plans for social media posts over the next few weeks on activities in the sport last year and the year before. Last week there had been a news update from the EPC Chair and in this coming week, the Chair of Council planned a second message to members by email, the first of which had generated appreciation and encouraging feedback from members.

47/20 Request from Affiliated PTOs for financial support

47.1 Open session

An e-mail to Council dated 8 April, from Alex Busby-Hicks on behalf of 18 Affiliated Parachute Training Organisations (PTOs), had been circulated with the agenda.

The Chair invited Alex Busby-Hicks to speak to his e-mail, which repeated the request in his earlier correspondence considered at last week's meeting (minute 40.1) for emergency financial assistance to PTOs as non-repayable grants rather than loans. Council had already matched the Drop Zone Defence Fund (DZDF) pound for pound to double it to a pot of £70,000. This was available on application by PTOs for non-repayable grants of up to £5,000 per applicant (minute 40.2.1). To provide longer-term financial support, Council had additionally offered Affiliated PTOs incorporated as private limited companies, again on application and subject to due diligence, interest-free loans on sympathetic repayment terms (minute 40.2.2).

Alex Busby-Hicks thanked Council for its offers of assistance but reminded Council of his concern that a one-off (non-repayable) grant of up to £5000 to an Affiliated PTO would be likely to cover only one month's outgoings, which he said was not enough. The PTOs' request to Council was for a grant of £5,000 per month for three months, total £15,000 each, subject to satisfactory proof of need. As to loans, as he had said at last week's meeting, Alex Busby-Hicks believed these would add to existing burden of debts on PTOs. The only benefit he could see of the interest-free loan facility that Council was offering would be for PTOs to service or consolidate their existing loans.

He therefore called on Council to reconsider the package of financial aid it was offering to British Skydiving Affiliated PTOs. He said if Council was not minded to do this, the PTOs he was representing wanted Council to take their request to the membership.

47.2 In-camera session

47.2.1 Conflicts of interest

Per minute 20, Mark Bayada and Simon Soper both had their main employment by Affiliated PTOs and therefore had a conflict of interest in Council providing a financial aid package to Affiliated PTOs. They did not therefore take part in the in-camera session or any votes in it.

47.2.2 Budget allocation for loans

Martin Soulsby (Vice President) reminded Council that its first duty as the Board of Directors was to assure the financial sustainability of British Skydiving as a company. The Treasurer had included an updated cash flow forecast in the Council SharePoint papers, and income this year was already being significantly impacted by the coronavirus pandemic.

Based on work she had done with the Finance Manager on budgets and cashflow, the Treasurer recommended the amount she believed Council could reasonably make available for loans to PTOs. This was in the context of the other financial obligations of British Skydiving and Council's fiduciary duties, one of the strategic objectives of British Skydiving being to maintain the financial underpinning to keep going for three years in any circumstances.

The Treasurer said there was a risk with any loan that the borrower may go insolvent and we may not get the money back, or only pence for every pound. This risk had to be factored into calculations of the amount that could reasonably be allocated for loans. Council had a duty to assure that, in providing financial aid to Affiliated PTOs, it did not put British Skydiving on the path to bankruptcy.

The COO reminded Council that its current policy was to maintain sufficient financial reserves should the commercial insurance market not respond to providing insurance for the sport (as

almost happened one year, when only one underwriter responded), which might leave no option but for British Skydiving to become self-insuring.

Paul Applegate said we wanted to help all we could, but Council needed to be mindful of all the other obligations it needed to discharge as national governing body of our sport, and that British Skydiving was not a bank.

COUNCIL AGREED to make an amount of up to £300,000 available for interest-free loans on application by Affiliated PTOs in genuine need. This meant that they were facing an existential threat, despite taking all reasonable measures, including access to government loans (CBILS loans), to find other sources of support. Applications would be subject to due diligence and loans would be secured and subject to a written loan agreement (minute 40.2.2). Proposed by the Treasurer, seconded by the Vice Chair, and carried unanimously by those voting including a vote by proxy.

47.2.3 General meeting of members

Council considered the PTOs request for Council, if it was unable to meet their request, to put it to the membership. Council had been elected by the membership as the Board of Directors of British Skydiving and clearly understood its fiduciary duties to assure the sustainability of British Skydiving as a going concern.

Council also understood its moral responsibility to do the right thing by providing a financial aid package to Affiliated PTOs under existential threat by the coronavirus crisis, and who had exhausted all other sources of business support. The Chair summarised the clear consensus of the meeting which was that Council believed it had got this difficult balance right.

47.2.4 Consideration of grant and loan applications received from Affiliated PTOs

The Treasurer reported that the ad hoc Finance Group of Council was now meeting daily, Monday to Friday as required, to consider grant and loan applications received from Affiliated PTOs. It would continue to meet on this daily basis as the anticipated further grant and loan applications from Affiliated PTOs in most urgent and genuine need of financial aid through the package Council was offering of a short-term grant and/or a longer-term interest-free loan.

The Treasurer reported that during the week to date, the Finance Group had already fully completed due diligence on grant applications to DZDF, on which it had now formulated a recommendation for consideration by Council (minute 47.2.5).

In addition, the Finance Group was in the process of actively considering applications for loans (minutes 4.2.7 and 4.2.8).

47.2.5 Application for a grant from DZDF

A confidential paper by the Treasurer had been circulated to non-conflicted Council Members (minute 47.2.1) and the staff management team only. The paper set out details of grant applications, from PTOs not represented by Alex Busby-Hicks, from DZDF of £5,000 per PTO. The paper set out the due diligence the ad hoc Finance Group had carried out on the applications.

A range of steps had been taken to minimize and delay outgoings and had short-term need for cash was demonstrated.

COUNCIL APPROVED disbursement, as soon as practicable next week, of non-repayable grants of £5,000 from DZDF as per the confidential paper circulated. Proposed by the Treasurer, seconded by the Vice Chair, and carried unanimously by those voting, including a proxy vote.

47.2.6 Legal advice on loan agreements

A paper by the Treasurer had been circulated with the agenda. It outlined the legal advice she had received from the legal firm Muckle, which was a member of the Sport & Recreation Alliance's 'legal panel' of firms that offered a speciality in the sport and recreation sector. Muckle had quoted £1700 +VAT to draw up a template for a loan agreement which could be tailored to each individual loan. Muckle aimed to provide the Treasurer with a draft loan template on Wednesday 15 April.

Muckle had suggested that loans should be secured on what was known as a chattel mortgage, which was on portable property which the Treasurer said might, in this sport, be for example on tandem rigs. (Aircraft owned by PTOs were of disproportionately high value and might already have bank or other loans secured on them.) A chattel mortgage needed to be registered at Companies House. The Treasurer said she needed to consult further with Muckle to understand the relationship between the value of a loan and the security on it.

In the event of the borrower becoming insolvent, the Treasurer explained the order in which creditors would be ranked, which was:

1. the insolvency practitioner's fees;
2. HMRC;
3. employees;
4. secured creditors, which included loans secured by a chattel mortgage.

A feature of the sympathetic loan repayment schedule would be seasonal variations with higher repayments in the summer than the winter, to mirror the seasonal trading profile of a PTO. The Treasurer said that repayments would not begin until government restrictions ceased and the borrowing PTO could resume trading.

Council considered the possibility of limiting the period of loans but decided this would not be conducive to the flexibility that Council wished to offer to tailor interest-free loans best to provide long-term financial support to Affiliated PTOs in genuine need.

The Treasurer planned to put the loan agreement template to next Saturday's Council meeting, to which she would report further.

Action: Next meeting

47.2.7 Application for a loan form an Affiliated PTO

A confidential paper by the Treasurer had been circulated to non-conflicted Council Members (minute 47.2.1) and the staff management team only. The paper set out details of a loan applications, from PTOs not represented by Alex Busby-Hicks and the due diligence the ad hoc Finance Group was carrying out on the application. The Treasurer said she hoped to come forward at next Saturday's Council meeting with a recommendation from the Finance Group on loan applications, by which time the loan template (minute 47.2.4) should be available.

Action: Next meeting

47.3 Resumption of open session

The meeting resumed in open session, including the two conflicted Council members (minute 47.2.1).

The Chair reported on Council's decision to allocate an amount of up to £300,000 to provide interest-free loans on application by to Affiliated PTOs facing an existential threat because of the coronavirus pandemic (minute 47.2.2).

The Chair reported that Council's position on non-repayable grants remained as stated at minute 40.2.1, namely Council had matched DZDF pound for pound to create a pot of £70,000 to disburse, on a PTO putting forward a convincing case that would be scrutinised by Council's ad hoc Finance Group. Grants would be capped to a maximum of £5,000 per PTO.

The Chair reported that, to date, Council had considered applications for grants from DZDF and had already approved the first for payment next week. Loan applications from PTOs were currently under active consideration and decisions were anticipated at next Saturday's Council meeting.

The Chair said Council declined to refer the PTOs' request for non-repayable grants of £5,000 a month for three months, total £15,000, to the membership. Council had been elected by the membership as the Board of Directors of British Skydiving and was fully aware of its duties and responsibilities to keep British Skydiving as a going concern. To refer the PTOs' request to the membership would be an abrogation of Council's fiduciary responsibilities.

Alex Busby-Hicks, on behalf of the 18 Affiliated PTOs listed in his email, thanked Council for considering their request.

48/20 British Skydiving staff

The COO reported that half the British Skydiving staff were now on furlough, and many of those who remained at work had been working seven-day weeks. He was keeping the position under constant review.

49/20 Dates of future meetings

The next virtual special meeting was agreed for one week's time, Saturday 18 April 2020 at 13:00 by Microsoft Teams.

Previously scheduled meetings were for Tuesdays at British Skydiving HQ, Leicester LE2 9TF: 16 June, 15 September and 24 November. However, physical meetings were suspended whilst government restrictions on social distancing remained, so these dates were now reserved for virtual meetings by Microsoft Teams.

The meeting closed at 15:08 (duration 2:08).

v4 Draft 14 April 2020