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Introduction

'The true measure of our success is the positive difference we make to the lives of people'

We had a challenging year in 2015/16 during which there was significant competition from private sector budget gyms, however, despite this the number of attendances at our sites and activities continued to grow, and importantly we furthered our charitable objectives as a community benefit organisation.

We have furthered our charitable objectives (to improve the health and social wellbeing of our communities) by increasing attendances at most of our activities, which are designed to improve health and wellbeing primarily through physical activity. The total number of visits to Xcite venues and activities during the year was nearly 2.4 million, the highest ever number of annual visits that we have experienced. Of particular note was a 22% increase in attendances by over 60 year olds and a 24% increase in attendances by 5 to 15 year old girls, key target groups.

Attendances at our group fitness classes increased by 6% to 277,443. This is an increasingly popular way to exercise, particularly for women. During the year Learn to Swim attendances increased by 13% to 328,450 as we teach more people to swim than ever before.

Exercise Referrals from GP's and acute care health professionals in West Lothian into our 'First and Further Steps' to health and wellbeing programmes continue to grow beyond expectations. We are now receiving over 250 referrals per month. Attendance at our Ageing Well activities, for over 50 year olds, increased by 5% to 33,868.

Together with our partners we invested over £3 million during the year to improve and extend facilities and services for the communities of West Lothian, so that we offer modern and welcoming places for people to enjoy and undertake a range of physical and social activities within.

In 2012 we achieved Quality Scotland's 'Committed to Excellence' status (which is based on the EFQM Business Excellence model). In 2015 we were awarded the next level up 'Committed to Excellence' 2 Star. This reflects our commitment to continuous improvement. Key to this success has been our well trained and dedicated team of people who have supported more people than ever to be regularly physically active, and these customers have reported consistently high levels of satisfaction with the services they receive.

We would like to thank all the Trustees who served on the Board during the year for their continued advice and support which is given on a voluntary basis, and to thank all employees of West Lothian Leisure for their continued commitment to providing excellent service for our communities.

And finally, we look forward to developing our partnership with West Lothian Council to support their Corporate Plan and to ensure we continue to deliver excellent value for the people of West Lothian.



Robin Strang Chief Executive





Company Profile

Xcite West Lothian Leisure Limited (Xcite) was set up on 1st February 1998 as an Industrial and Provident Society and later became a Community Benefit Society and a corporate body registered under the Co-operative and Community Benefit Societies Act 2014. On 17th August 2016 it converted to a company limited by guarantee registered in Scotland (SC 543017). Since its inception it has been a Scottish Charity (SC 27470).

Xcite provides sports and leisure facilities and activities to the community of West Lothian. It operates as a not for profit distributing organisation and is a social enterprise. Surplus, other than reserves, if generated is available to reinvest in the facilities to benefit the community. The business retains a public sector ethos but this is combined with greater private sector freedoms and a clearer focus.

Xcite is responsible for the strategic and operational management of the following sport and leisure facilities which it leases from West Lothian Council:

XCITE Armadale
XCITE Bathgate

XCITE Broxburn Sports Centre

XCITE Broxburn Pool

XCITE Craigswood

XCITE East Calder

XCITE Fauldhouse Gym

XCITE Linlithgow

XCITE Livingston

XCITE Whitburn

These facilities provide a strong infrastructure of community leisure centres, swimming pools, sports halls, outdoor sports pitches, health and fitness centres and centres of excellence for sports development and events.

In delivering its services Xcite works with many partners including West Lothian Council, NHS Lothian, sportscotland, West Lothian College and many Governing Bodies of Sport. In doing so we make a significant contribution to many of the outcomes in West Lothian's Single Outcome Agreement and to the outcomes and priorities set out in the Scottish Government's national strategy for sport 'Reaching Higher' and national strategy for physical activity 'Let's Make Scotland More Active'.

The day to day operations of Xcite are managed by the Senior Management Team (Executive) led by the Chief Executive, who is given strategic direction by the Board of Trustees. There are 12 Trustees on the Board who have ultimate control of the Organisation subject to providing and operating the services in accordance with contracts, leases and funding agreements made with West Lothian Council and other external funders. Trustees and paid staff of the organisation have a duty to act in the interests of the charity and operate in accordance with its objects and purposes.

We have 438 employees (225 FTE's), and an annual turnover of over £10.8 million.

Our Vision for 2017

To be an organisation that is at the heart of our growing community, helping residents to improve their well being, and offering opportunities for all to make healthy lifestyle choices. Our service and facilities are best in class and our sustainable business practices enable us to re-invest for the benefit of future generations of West Lothian people.

As a valued organisation that understands, cares about and engages with its community, we are the delivery partner of choice for West Lothian organisations responsible for improving people's lives through sport, health and physical activity.

Key Aims and Outcomes

West Lothian Leisure's Key Aims	Local Outcomes	Strategic Outcomes		
To provide opportunities and easy access for inactive members of our communities to join in, get started, stay active and to set and reach their own personal goals	Increased engagement and participation in sport and physical activity by inactive communities	We encourage and enable the inactive to be more active.		
To develop greater and speedier communication channels and access to our services and people through investment in on-line and social technology	Our services are attractive, affordable and meet the needs of the community, across all life stages and that the physical activity habit is sustained through the key transitions in life	We encourage and enable the active to stay active throughout life		
To continually improve, innovate and provide attractive programmes of activities for our customers	Our customers feel valued, engaged and listened to			
To regularly engage with our customers and other members of our communities so that we can ensure that we deliver what they need				
To promote our values, that we are a local charity and our unique selling points to our communities				
To provide attractive and affordable activities so that our children can be regularly active and encouraged to set and reach their own personal goals	Increased engagement and participation in sport and physical activity by children	We develop physical confidence and competence from the earliest age		
7. To have plans in place to ensure that our facilities are well maintained and developed to meet community	Our buildings are clean, safe and attractive places for our communities to be active within	We improve our active infrastructure – people and places		
needs 8. To be recognised by our employees as an excellent	We continually develop our buildings and 'active spaces' to meet our communities needs			
organisation to work for	Our employees and volunteers are well trained and motivated to provide an excellent customer service			
	Our employees and volunteers are fully engaged with our customers, our business plan and our vision and values			
	Our employees are proud of their workplace and are ambassadors for the organisation			
9. To deliver and support sports development, active schools and community sports hub programmes	Clubs and individuals reach their full potential	We improve opportunities to progress and achieve in sport		
10. To work with partner organisations to deliver (physical and mental) health improving activities and services	Our communities are proactive about looking after their health and wellbeing, developing good healthy lifestyle habits and feel a greater sense of belonging and achievement Increased participation in sport and physical activity which will lead to improved health and life expectancy across all the life stages	We improve opportunities to progress and achieve in sport We live longer, healthier lives and have reduced health inequalities We support wellbeing and resilience in communities through physical activity and sport		
11. To have in place attractive and affordable activities and services for older people	Older people in West Lothian have improved and maintained physical and mental health and wellbeing and improve their quality of life through an attractive and affordable programme of activities and services.	Older people are able to live independently in the community with an improved quality of life		
 12. To further build and maintain a successful business that meets and exceeds financial expectations 13. To maximise opportunities that arise or are created to develop and grow the business 14. To further reduce the impact our business has on the environment through good practices, education and measurement systems 15. To have in place processes that ensure that the principles of best value and continuous improvement are applied to all areas of the organisation 	Our partners, colleagues and customers trust us and know that we are a sustainable business. We have greater reserves for reinvestment and are able to plan for long term sustainability We consistently use our knowledge, business acumen, innovation and understanding of the industry to inspire everyone throughout our organisation to create and recognise opportunities for growth We have an environmentally aware workforce who take ownership and personal responsibility for playing their part in meeting our targets We continually and consistently apply the principles of best value and continuous improvement to all areas of the business	We make the most efficient use of resources minimising our impact on the built and natural environment		

The availability, accessibility and quality of Scotland's sporting facilities directly influence whether people take part in sport, which sports they play and how well they perform'

Sportscotland

Key Facts and Figures

Physical Activity

Overall Activity Rates

The total number of visits to Xcite managed sites for the year increased to 2,371,228 a 7% increase and the highest number ever. That's over 6,500 visits every day. That represents more people being more active more often. Of particular note was a 22% increase in attendances by over 60 year olds and a 24% increase in attendances by 5 to 15 year old girls, key target groups.

The attendances at our fitness classes were up by 6% to 277,443. This is an increasingly popular way to exercise.

There were 328,450 attendances on Learn to Swim classes throughout the year, 13% more than last year.

Also worthy of note is the significant increase in referrals to our First and Further STEP's programmes. We now receive, on average, over 250 exercise referrals each month from local primary care and acute care health professionals.

19,792 people used one of our memberships packages, which offer great value compared to the private sector. That's nearly 20,000 people taking part in regular physical activity each month. These members use our facilities on average 6 times per month. Although referred to as members these users are not in fact members of the organisation but choose to pay by direct debit each month or annually in advance and enjoy the financial benefit

that these packages offer. The number of members are, however, down on last year by 6% due to strong private sector competition in the last 6 months of the year.

Active Older People

The Ageing Well programme, run in partnership with NHS Lothian, helped many older people become and stay active throughout the year with 33,868 visits (5% increase) to activities such as tea dancing, social evenings, environmental activities, line dancing, seated exercise, tai chi, walking football and walking groups. The programme has continued to develop with new activities including Fitsteps, Yoga and Knit and Natter. Priority areas are; working across health barriers, the hard to reach (home alone), older men, and falls prevention.

There were 58,052 Over 60's free swimming attendances, an increase of 6% on last year and remains a popular way for this age group to exercise.

11% of visits to our facilities are by men or women over 60 years of age. An increase of 22% from the previous year.

Active Young People

34% of all visits were by under 16's, an increase of 7% from the previous year, although the number of visits by under 5's has decreased. Xcite provides a range of activities for young people including:

Under 5's free swimming, 20,243 visits

- Free swimming for under 16's during school holidays and on Friday afternoon's after school, 58,745 visits
- School Holiday Activity Programmes at free or subsidised prices
- N-R-G, the biggest young person's sports club in West Lothian with 4,400 members (a 1% increase on last year).

Support for those in Need

In partnership with West Lothian Council we have a Concessionary Access Scheme which gives residents in receipt of certain benefits reduced rate access to activities. There were 12,239 concessionary visits during the year, and decrease of 17% on last year. The scheme was revised to be more attractive and relaunched in July 2016.

Corporate Activity

Xcite offers a 20% discount on membership rates for employees of local organisations. This includes West Lothian Council, NHS, Police, Fire and Rescue Service, Scottish Ambulance Service, Job Centre Plus and West Lothian Drug and Alcohol Service. We currently have 2,357 Corporate Members.

Health

Exercise Referrals from health professionals in West Lothian into our 'First and Further Steps' to health and wellbeing programme continues to grow beyond expectations with 3,081 referrals during the year. We are now receiving over 250 referrals per month. The growth has, in particular, been



from patients referred from acute care services. 35% of all referrals remained active at WLL sites beyond 12 weeks (the national average is 10%).

25 families have been referred to us for the Child Healthy Lifestyle Programme which addresses childhood obesity and is delivered in partnership with NHS Lothian.

The McMillan cancer rehabilitation, cardiac rehabilitation and community based pulmonary rehabilitation programmes continued to be successful with many patients going onto the Exercise Referral programme from these projects.

To meet demand we now have 'Keep Going' outreach classes for patients with long term health conditions at Craig Inn Blackridge, Stoneyburn Community Centre, Whitburn Army Cadet Centre and the Fauldhouse Partnership Centre.

Our Eat Xcite programme, which was launched in 2012 with TV nutritionist Amanda Hamilton, continues to develop. Initially healthy eating support and advice was delivered through a dedicated section on our website. This then developed to include the delivery of Eat Xcite classes which are instructor led session that provide customers with physical activity allied to information and advice in improving eating habits. Further developments will see the introduction of Eat Xcite Healthy Eating Clubs at community venues and a series of master-classes aimed at customers wishing advice on sport and exercise nutrition.

Spor

Sports Clubs

- A large number of sports clubs regularly used WLL facilities during the year, with 139,504 attendances. This was, however, a drop of 16% on last year so we will engage with local clubs to see what more can be done to encourage increased activity.
- WLL provides 5 hours per week of free use of pool space to Swim West Lothian for the development of competitive swimming across West Lothian

Sports Development

Xcite works in partnership with West Lothian Council and others to provide opportunities, pathways and coaching to enable local people to develop their skills in a range of sports. An example of this is the Community Sports Hubs at Armadale, a partnership between West Lothian Leisure, West Lothian Council and sportscotland to increase the amount of use by sports clubs.

We are also a founding partner in the West Lothian Youth Foundation which develops grassroots football across West Lothian

In partnership with Scottish Swimming and West Lothian Council we employ a West Lothian Aquatics Activities Coordinator to develop a sustainable swimming development pathway for the West Lothian Community.

Other performance measures

The number of website hits for the year was 591,279 (an increase of 13% on last year) which demonstrates the increasing importance of our website to our customers. The number of Facebook followers increased by 43% to 10,571.

The average mystery visit score for all sites during the year was 78%. This was slightly below a challenging target but still an excellent performance.

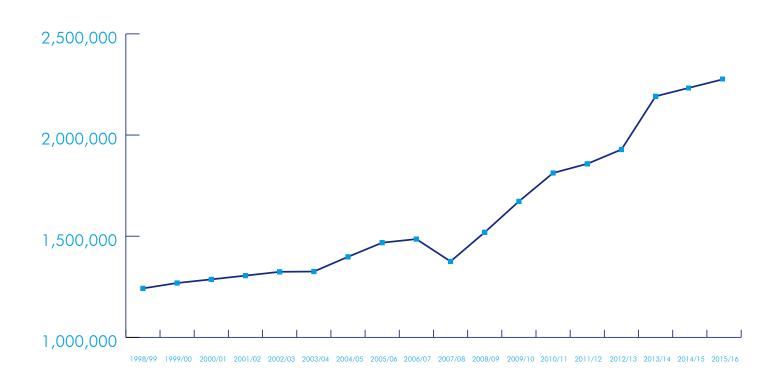
The cost per visit was £4.56, below last year and well below the national average for Scottish Leisure Trusts.

The measure we use for energy efficiency is the combined consumption of gas and electricity across all sites per visit, and in 2015/16 this was 7.40 kWh per visit, a drop of 13% on last year.

Overall Attendance Figures

Usage by Gender and Age	2011-12	2012-13	2013-14	2014-15	2015-16	Variation from previous year
Under 5 yrs (infant) Male Customers	35,215	\$ 33,841	37,827	36,959	\$ 22,686	§ -37%
Under 5 yrs (infant) Female Customers	36,969	§ 35,542	\$ 34,648	34,446	§ 17,647	
5 to 15 yrs (juvenile) Male Customers	318,253	328,515	357,031	368,926	\$ 374,041	
5 to 15 yrs (juvenile) Female Customers	241,512	\$ 260,148	304,089	325,139	§ 402,621	
16 to 59 yrs (adult) Male Customers	580,156	\$ 602,939	692,952	687,699	\$ 707,375	
16 to 59 yrs (adult) Female Customers	467,371	\$ 494,650	\$ 563,206	554,815	\$ 586,806	
Over 60 (senior) Male Customers	94,980	§ 89,855	104,020	113,777	\$ 137,823	
Over 60 (senior) Female Customers	83,365	82,923	97,784	98,541	122,229	
Total number of visits	1,857,821	1,928,413	2,191,557	2,220,302	2,371,228	+7%

Total number of visits per year



Attendance at specific	2011-12	2012-13	2013-14	2014-15	2015-16	Variation from
programmes						previous year
Concessionary Access – the number of visits by concessionary scheme card holders. This scheme is operated in partnership with West Lothian Council offering reduced rate access for those in receipt of certain benefits	11,832	10,644	12,743	14,817	12,239	-17%
60+ Free Swimming – West Lothian residents who are 60 years old or over can swim for free	51,844	47,450	59,497	54,518	58,052	+6%
Under 5's free swimming - West Lothian children under 5 years of age swim for free	21,918	21,194	21,989	19,289	20,243	+5%
Under 16's free swimming – 5 to 15 year olds swim free during school holidays and on Fridays from 1 to 4 pm	64,646	56,312	62,588	62,002	58,745	-5%
Health (Exercise) Referrals – number of people referred to WLL for a 12 week (free) exercise referral programme	1,341	1,344	1,717	1,884	3,081	+63%
Ageing Well - the number of attendances on our Ageing Well programme for over 50's. Activities range from tea dances to tai chi to seated exercise.	23,523	26,076	27,694	32,222	33,868	+5%
Total Number of Xcite Members : those paying monthly by direct debit for one of our membership packages	13,322	14,325	16,556	21,345	19,792	-6%
Fitness Classes – The number of visits to group fitness classes	178,695	199,809	241,050	261,588	277,443	+6%
Learn to swim – The number of attendances on one of our learn to swim programmes	199,434	221,635	254,642	290,842	328,450	+13%
Sports Clubs – The number of attendances at club sessions	132,941	150,105	151,573	165,584	139,504	-16%
TeenTone – The number of attendances at our Teen Tone sessions, supervised gym sessions for 12 to 15 year olds	7,424	9,867	11,576	11,386	11,815	+4%

Success Measure	Last Year 2014-15	Target for 2015-16	Actual Performance 2015-16	On Target?	Comments
1. Total Number of Visits	2,220,302	2,331,317	2,371,228		7% growth from last year and ahead of target
2. Total Income	£10,559,662	£11,187,475	£10,629,967		Income 5% below target, due to strong local competition, but 1% growth from last year
3. Total Expenditure	£10,539,662	£11,175,983	£10,768,955		Expenditure 4% below target
4. Trading Surplus (Loss)	£19,762	£11,493	(£138,988)		Trading loss for the year
5. Cost per Visit	£4.75	£4.79	£4.56		Ahead of target
6. Energy consumption (Kwh) per Visit	8.50	8.25	7.40		Ahead of target
7. Number of Members	21,091	22,525	19,792		Below target and last year primarily due to strong local competition
8. Number of website Visits	525,117	551,373	591,279		Both are ahead of target and reflects the
Facebook Followers	7,400	10,000	10,571		importance of on-line communication
9. Health referrals that continue beyond 12 weeks	41%	36%	36%		On target An excellent performance, but slightly below a challenging target.
10. Customer satisfaction rate	New measure	80%	78%		An excellent performance, but slightly below a challenging target



Highlights

The key highlight for the year was achieving our highest ever number of customer visits to a backdrop of increased private sector competition locally. Of particular note was the increase in attendances by over 60's and 5 to 15 year old girls, both are key target groups. There was also a significant increase in attendances at fitness classes, on our learn-2-swim programmes and exercise referrals from GP's and acute care health professionals.

We brought the catering service inhouse in July 2014 so that we could align the café and vending offer with our Eat Xcite healthy eating principles. This has proved to be a real success with increased sales and enabling us to do our bit to promote healthy eating habits. This was recognised by NHS Scotland who awarded all three cafes with the Healthy Living Award.

We now have over 10,500 Facebook followers. This is becoming an increasingly important way to communicate with customers, so we will continue to invest resources in it and other on-line communications.

Towards the end of the year we launched Net Promoter Score (NPS) across the organisation to collect feedback from our customers. It operates via email and centres around one fundamental question – how likely is it that you would recommend our company to a friend or colleague?

Customers are also invited to make comments which are collated and made available to the management team to act upon. The system also allows us to benchmark performance across our sites and against other operators within and outwith the sport and leisure industry.

We are proud that Xcite West Lothian Leisure continues to be a Living wage employer and during the year we developed an Xcite competency framework, devised in consultation with representatives of the workforce. This culminated in the publication of the booklet 'Living the Values' which builds on our values and helps bring them to life

In 2012 we achieved Quality Scotland's 'Committed to Excellence' status (which is based on the EFQM Business Excellence model). In 2015 we were awarded the next level up 'Committed to Excellence' 2 Star. This reflects our commitment to continuous improvement.

Investing in our Communities

We and our partners invested over £3 million into the following projects:

- An extension of Xcite Linlithgow Leisure Centre to provide a larger gym, more fitness studios, larger changing rooms and more car parking;
- In partnership with West Lothian Council, sportscotland and The Scottish Government's CashBack for Communities programme a new full size third generation synthetic turf pitch was built next to Xcite Linlithgow, and an extension to the changing pavilion is planned for the summer of 2016; and
- During the year we replaced all of the Technogym fitness equipment at Xcite Broxburn Sports Centre and the cardiovascular Technogym fitness equipment at Xcite Armadale.



Supporting our Employees & Partnership Working

To be successful Xcite must be supported by well trained and knowledgeable employees who are motivated to deliver excellent services to customers.

As an Investor in People this is achieved by putting people at the heart of our decisions, treating them fairly and by giving them the skills knowledge and support they need to do a good job.

The Organisation employed 438 staff in 2015/16.

The main people management challenges we faced were:

- recruiting and selecting high quality people
- training and developing these people to meet the changing needs and priorities of the business
- aligning people's efforts and motivations with the changing needs and priorities of the business

Turnover

46 employees (with contracted hours) left the organisation during 2015/16 representing an employee turnover of 15%. This represents a healthy position and ensured a stable workforce which helped to maintain a focussed approach to training and development. This was also helped by an improvement in the sickness absence rate which was 3.62% for the year (down from 4.4% last year).

Training and Development

4,584 employee attendances were recorded at 810 separate training events.

The annual employee survey showed a trend of continuous improvement both in terms of our management practices and our overall employee satisfaction. Employees reported high satisfaction levels with one exception, satisfaction with pay, where the trend continues downwards.

Partnership Working

Throughout the year we have been working closely with West Lothian Council so that service delivery is better coordinated and contributes more to shared outcomes. This approach is now embedded within our working practices as we collectively work towards cohesive and complimentary planning, programming and pricing.

Xcite West Lothian Leisure and West Lothian Council continue to work with sportscotland to deliver the Community Sport Hubs Initiative as part of the 2014 Commonwealth Games Legacy. This initiative aims, in particular, to increase sports club activities.

Our partnership with NHS Lothian and the West Lothian Community Health and Care Partnership (and now the Integration Joint Board) goes from strength to strength as we expand the range of the health and wellbeing programmes on offer. In delivering the programmes we work in partnership with many other organisations including Livingston St John's Hospital, Alzheimers Scotland, Linburn War blinded, Chest Heart and Stroke groups, Bield Sheltered Housing and Templar Day Hospital.

In partnership with Swim West Lothian and West Lothian Council we deliver the Learn to Swim Plus programme which replaced primary school curricular swimming. Children in P5 who cannot swim are given free intensive learn to swim lessons outside of school time. This partnership also delivers the Early Years Swim Programme aimed at encouraging the parents of pre school aged children to learn to swim.

In partnership with Scottish Swimming and West Lothian Council we engage a West Lothian Aquatics Activities Co-ordinator to develop a sustainable swimming development pathway for the West Lothian Community.

We are a founding partner of the West Lothian Youth Foundation, a charity which aims to use football and other activities to promote the educational and health benefits of sport to young people in West Lothian who are typically less engaged and may be failing to achieve their full potential. The partners in the Foundation are West Lothian Council, Livingston Football Club, West Lothian College, West Lothian Football Forum (which represents West Lothian football clubs), the Scottish FA and Xcite West Lothian Leisure.



Doctor Catherine Calderwood, Chief Medical Officer for Scotland

Focus for the Future

We have a busy year ahead as we strive to further improve and extend services for our communities. Below are the main capital projects for 2016/17:

- Introduce a new, more interactive website linked to our social media platform. We will continue to integrate our systems and enable customers to book more activities online as well as accessing their wellness programme;
- Carry out improvements to the changing areas at Xcite Broxburn Pool;
- In partnership with West Lothian Council replace the roof at Xcite Broxburn Sports Centre and carry out some internal refurbishment;
- Replace the cardiovascular Technogym fitness equipment at Xcite Craigswood and make some improvements to the gym layout;
- Replace the cardiovascular
 Technogym fitness equipment at
 Xcite East Calder and Xcite Whitburn together with some minor decorative works;
- Replace all of the Technogym fitness equipment at Xcite Livingston and make improvements to the gym layout; and
- Extend the changing pavilion at Xcite Linlithgow to support the new full size synthetic turf pitch

The investment in our fitness products provides the best equipment for our customers and is necessary to compete with the private sector. We will also review our membership sales and retention practices together with

focussing our efforts on our main target groups, which are: children, families, older people, those with health conditions and inactive communities. We will also promote more clearly that we are a local charity and only work to benefit West Lothian communities, we are a social enterprise and a not-for-profit organisation.

We will continue to develop our café and vending service to align with our Eat Xcite healthy eating principles.

In 2012 we achieved Quality Scotland's 'Committed to Excellence' status (which is based on the EFQM Business Excellence model). In 2015 we were awarded the next level up 'Committed to Excellence' 2 Star and we will work towards the next level 'Recognised for Excellence' status in 2017. This reflects our commitment to continuous improvement.

And finally, we will continue to work with our key partner, West Lothian Council, to ensure we deliver excellent value for their trust and investment in us. This will focus in particular on proposals to transfer further facilities and services to West Lothian Leisure.

Treasurer's Financial Summary

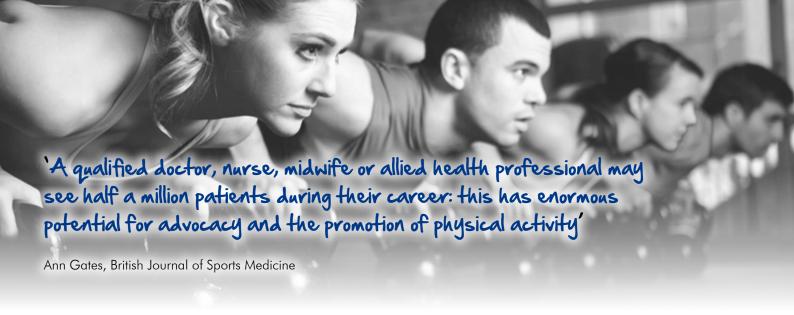
Xcite West Lothian Leisure has had a challenging year in terms of its trading due to strong local competition but has continued to invest in facilities and services to offer great value to the community. The financial statements for the year ending 31 March 2016 show a deficit of £725,988 (2015: deficit of £661,459). This is before an actuarial gain of £3,143,000 (2015: loss £1,102,000) resulting in an overall surplus of £2,417,042 (2015: deficit of £1,763,459). The overall net fund balance at 31 March 2016 is now a net liability balance of £286,644 compared to a liability balance of £2,703,656 for 31 March 2015. The balance of the designated fund was transferred back to the general unrestricted fund in the year to fund the deficit.

There were a number of challenges along the way such as:

- Reducing funding from West Lothian Council
- Strong private sector competition
- Increasing costs of operating the business
- Updated Actuarial valuation of the Pension Fund
- Tight expenditure controls

Despite the challenges, much was achieved and particular areas worthy of note are:

- Investment in facility improvements and new equipment
- A continuing increase in participation rates
- The ongoing success of our health and wellbeing programmes and family memberships



Treasurer's Financial Summary

The FRS 102 pension valuation of the pension scheme has resulted in a decrease in the pension deficit to £1,072,000 as at 31 March 2016. The decrease of this liability is due to actuarial gains of £3,143,000 arising from decreases in the present value of the scheme's future liabilities, this being recognised in the Statement of Financial Activities. The pension deficit has resulted in an unrestricted fund deficit at the year end. The balance on the pension fund will change annually according to economic conditions and The Board (Committee of Management) will keep the position under review. It should be noted that a defined contribution pension scheme was introduced in May 2014 into which all (eligible) new employees are auto-enrolled. Over time this will help address the pension fund position and support financial planning and sustainability.

The Board (Committee of Management) is pleased that this has been another successful year albeit not without major challenges in relation to reducing funding from West Lothian Council, strong local competition and increasing costs of operating the business. Through the efforts of our staff and effective planning, coupled with the successful partnership work with the Council, we have limited the trading loss for the year. The principal factors

Income – Overall income grew by 1.5% primarily due to a strong performance by cafes and vending, but leisure income was below target.

As with last year we still face challenges in respect of the sensitivity of both the income and expenditure budgets in terms of performance. Budgets remain tight and it will be difficult to achieve a surplus in the coming year.

Activity Levels – the total number of customer visits for the year was up by 7%

Expenditure – Overall expenditure was under budget, this offset much of the income being under target resulting in a contained loss at year end before defined benefit pension scheme adjustments.

Investment for Growth – There was significant investment during the year including a £2.1m extension to Xcite Linlithgow Leisure Centre and car park, a £500,000 full size synthetic turf pitch at Xcite Linlithgow, and gym refurbishments and equipment renewal at Xcite Armadale and Xcite Broxburn Centre.

Strategic Risks

Each year a strategic risk register and associated risk assessments are presented to the Audit and Finance Sub Committee and to the Board. 17 strategic risks were identified in 2015 and the principal (highest rated net) risks were:

 New competition entering the local market and significantly affecting income and therefore ability to break even or trade in surplus

- Failure of one or more buildings at the same time leading to a loss of income
- Significant decrease in Council management fee leading to an inability to break even or trade in surplus

The risk assessments associated with these risks identify existing controls and further actions for risk reduction. The Council's Internal Audit Team were invited to carry out an independent review of the highest rated net risks controls and recommend any improvements to the senior management team.

Going forward further local private sector competition is likely to affect the financial performance of the charity.

Investment policy

West Lothian Leisure has the ability to use Council prudential borrowing for capital projects. This can be supplemented by lottery funding or other grant income for qualifying projects. A business case is presented to the Board for approval for any investment proposals and this includes an assessment of additional income generated (and/or costs saved), payback period (if a loan is required) and a risk assessment.

Principal funding sources
The majority of income comes
from customer receipts - primarily
membership income, pay and play
income. Other principal income

Treasurer's Financial Summary

sources are West Lothian Council's management fee and partner funding from NHS Lothian for specific health and wellbeing programmes.

Reserves policy

General funds are unrestricted funds which are available for use at the discretion of the members of the Committee of Management in furtherance of the general objectives of the Society which have not been designated for any other purpose.

Designated funds are unrestricted funds that have been set aside for a specific purpose, which will be utilised during the next and future years against specific expenditure for asset improvement.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Society for particular purposes. The costs of raising and administering such funds are charged against the specific fund.

The Board (Committee of Management) has examined the Society's requirements for reserves in light of the main risks to the organisation. It has established a policy whereby the unrestricted funds not committed (excluding pension liabilities) or invested in tangible fixed assets held by the Society should be at a minimum of 10% of income, excluding the Council management fee.

Incoming resources for the year ended 31 March 2016, excluding the Council management fee were £8,856,229 (2015: £8,754,075) therefore requiring at least £886,623 (2015: £875,408) in unrestricted funds, in accordance with the reserves policy. Actual funds at 31 March 2016 were £785,356 (2015: £924,344) which breaches our reserves policy. Steps will be taken over the next two years to rebuild reserves to comply with the policy. This will be done in liaison with West Lothian Council as part of a wider discussion on the proposed transfer of further facilities and services from the Council to the Trust. In addition, since the 2015/16 year end, the organisation has agreed to change it's legal status. One of the outcomes of this will be the opportunity to work even more closely with the council on financial matters.

This will include discussions on long term financial sustainability.

The reserves are needed to meet the working capital requirements of the Society and the Board is confident that at this level they would be able to continue the current activities of the charity in the event of a significant unforeseen financial issue. We have sufficient resources in reserve to meet potential financial challenges that may occur as a result of the level of funding available as budgets are cut.

Steps are being taken to rectify the funding situation with regard to the pension scheme liability.

Risk Management

The Board (Committee of Management) has assessed and recorded the major risks to which the Society is exposed, in particular those relating to the operations and finances of the Society, and is satisfied that systems are in place to mitigate these risks.

Plans for future periods

We continue to work closely with West Lothian Council so that service delivery becomes more joined up and delivers excellent value for money. We will also continue to work closely with NHS Lothian and sportscotland. Our annual business planning conference with these three key partners allows us to ensure our vision is truly a shared one and that we are focussing on the right actions to ensure we contribute to the community planning partnership's outcomes.

We will continue to focus our work in the following areas:

Increased Income:

- Increasing participation in key sports, leisure and health and fitness activities.
- Working in partnership with West Lothian Integration Joint Board (Health).
- Growing the number of and improving our retention figures for memberships.
- Increasing quality of key activities and services.
- Improving the way we market and promote the Xcite Brand and services.

- Growing our corporate membership scheme.
- Increasing participation by target groups.
- Use of flexible pricing to maximise participation and occupancy rates.
- Develop our cafe and vending sales.
- Improving customer care standards.
- Further engagement with customers to help shape future service delivery.

Managing Costs:

- Ongoing review of staffing structures to ensure that they match our business and service objectives.
- Managing the performance of employees.
- Maximising the performance of all support services.
- Maximising the performance of the physical resources.
- Ensuring we get excellent value from our suppliers.
- Investing in energy efficiency in partnership with the West Lothian Council.
- Contributing towards the Council's budget reduction plans.



David Eardley Treasurer

Statement of Financial Activities incorporating Income and Expenditure Account For the year ended 31 March 2016

	Operating Fund 2016 £	Designated Fund 2016 £	Total Unrestricted 2016 £	Total Unrestricted 2015 £
Incoming and endowments from: Donations and legacies Charitable activities:	12,906	-	12,906	5,925
- Management fees - Leisure Services - Management Service fee Investments Other:	5,482,843 3,129,761 1,773,738 11,041	- - -	5,482,843 3,129,761 1,773,738 11,041	5,537,510 2,996,162 1,830,739 8,171
- Financial income, refunds and fees - Sale of assets income	122,546 97,132	-	122,546 97,132	166,262 40,045
Total	1 <u>0,629,96</u> 7 	-	10,629,967	10,584,814
Expenditure on: Charitable activities				
- Sports and leisure facilities Other - Net finance cost on defined benefit pension scheme	11,216,485 129,000	10,470 -	11,226,955 129,000	11,145,273 101,000
Total	11,345,485	10,470	11,355,955	11,246,273
Net expenditure Transfers between funds Other recognised gains/(losses)	(715,518) 89,530	(10,470) (89,530)	(725,988) -	(661,459) -
Actuarial loss on retirement benefit scheme	3,143,000	-	3,143,000	(1,102,000)
Net movement in funds	2,517,012	(100,000)	2,417,012	(1,763,459)
Reconciliation of funds: Total funds brought forward	(2,803,656)	100,000	(2,703,656)	(940,197)
Total funds carried forward	(286,644)	- -	(286,644)	(2,703,656)

None of the Society's activities were acquired or discontinued during the above two years.

This statement has been taken from Xcite West Lothian Leisure's audited accounts approved by the Board at the AGM on 8 September 2016.

At 31 March 2016

	2016 £	2016 £	2015 £	2015 £
Fixed assets Tangible fixed assets		1,772,676 1,772,676		1,848,246 1,848,246
Total fixed assets			&	
Current assets Stock Debtors Cash at bank and in hand	82,223 1,572,230 521,321		73,946 1,104,880 502,963	1,848,246
Total current assets	2,175,774		1,681,789	
Liabilities: Creditors: amounts falling due within one year	(2,193,738)		(2,025,932)	
Net current liabilities		(17,964)	&	(344,143)
Total assets less current liabilities		1,754,712	× × × × ×	1,504,103
Creditors: amounts falling due after more than one year		(969,356)	&	(479,759)
Net assets excluding pensions liability		785,356	&	1,024,344
Defined benefit scheme pension liability		(1,072,000)	× × ×	(3,728,000)
Total net liabilities		(286,644)	×	(2,703,656)
The funds of the charity: Unrestricted funds Designated funds Pension reserve	785,356 - (1,072,000)		924,344 100,00 (3,728,000)	
Total unrestricted funds		(286,644)	× × × × ×	(2,703,656)
Total charity funds		(286,644)	&	(2,703,656) (<u>2,703,656)</u>

This statement has been taken from Xcite West Lothian Leisure's audited accounts approved by the Board at the AGM on 8 September 2016.



West Lothian Leisure's Board

The Board is made up of 12 Non Executive Directors (Trustees); three appointed by West Lothian Council, three customers, three employees and three local business people with an interest in sport, leisure and physical activity.

Trustees who have held office during the year were as follows:

Trustees

Dr Cindy Brook

Customer, Chair

David Eardley

Business Representative, Treasurer

Beverley Greer

Customer, Secretary

Robert Taylor

Employee, Health and Safety Trustee

Steven Stewart

Business Representative Chair of Audit & Finance Sub Committee

Maurice Crooks,

Employee

Karen Anderson,

Employee

Alan Dawson

Customer

Jude Spence

Business Representative

Cllr Dave King

West Lothian Council

Cllr Jim Dixon

West Lothian Council

Cllr Harry Cartmill

West Lothian Council

Senior Management Team

Robin Strang

Chief Executive

Billy Key

Director of Operations

Mark Chambers

Director of Business Development

Eric Stafford

Director of Human Resources

Wendy Clydesdale

Head of Finance and Administration

Auditors

Scott-Moncrieff Exchange Place 3 Semple Street Edinburgh EH3 8BL

Solicitors

Peter McFarlane and Co Law House Fairbairn Place Livingston West Lothian EH54 6TN

Bankers

Barclays Bank Quay 2 Fountainbridge Edinburgh EH3 9QG

The Bank of Scotland Almondvale South Livingston West Lothian EH54 6SN

Royal Bank of Scotland Livingston Branch 4 Almondvale South Livingston West Lothian EH54 6NB

Registered Office

Bathgate Sports Centre Balbardie Park Torphichen Road Bathgate West Lothian EH48 4LA

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