

MINUTE of the ANNUAL GENERAL MEETING of the BOARD of WEST Lothian LEISURE LIMITED held within CRAIGSWOOD SPORTS CENTRE, on THURSDAY 8 SEPTEMBER 2016.

Present – Cindy Brook (Chair), Robert Taylor, Beverley Greer, Mo Crooks, Karen Anderson, Alan Dawson, Jim Dixon

Apologies – Steven Stewart, Cllr Dave King, David Eardley, Jude Spence, Jim Cameron (West Lothian Council)

In attendance – Robin Strang, Eric Stafford, Billy Key, Mark Chambers, Wendy Clydesdale (West Lothian Leisure Limited), Paul Stark (West Lothian Council)

1. RECORD OF ATTENDANCE AND ASCERTAINMENT OF A QUORUM

Attendance is noted above. A quorum of Trustees was present.

2. ADDITIONAL OR ANY OTHER COMPETENT BUSINESS TO BE CONSIDERED AT THE END OF THE MEETING

None.

3. APOLOGIES FOR ABSENCE

Noted above.

4. DECLARATIONS OF INTEREST

Jim Dixon declared a non-financial interest in the whole of the agenda as an elected member of, and appointee to the Board by West Lothian Council.

5. MINUTES OF LAST AGM HELD ON 10th SEPTEMBER 2015

The Board approved the Minutes of the Annual General Meeting held on 10 September 2015. There were no matters arising.

6. MINUTES OF BOARD AND AUDIT SUB COMMITTEE MEETINGS HELD BETWEEN 1 APRIL 2015 AND 31 MARCH 2016

The Board noted its previous approval of the Minutes of all General Meetings and all Audit Sub-Committee Meetings held between April 2015 and March 2016.

7. CHAIRS STATEMENT

Chair's Statement 2015/16

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, activities 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 staff 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.

I 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, I 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.

Dr Cindy Brook

Chair

West Lothian Leisure

Decision: To note the Chair's Statement

8. TREASURER'S REPORT

Treasurer's Report 2015/16

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

The FRS 102 pension scheme valuation 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 according to economic conditions and The Board (Committee of Management) will keep the position under review (including via annual actuarial valuations). It should be noted that a defined contribution pension scheme was introduced in May 2014 into which all (eligible) new employees will be auto-enrolled. Over time this will help address the pension fund position and support financial planning and sustainability.

The Board 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 were:

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

We continue to face challenges on income and expenditure budgets. 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, which offset much of the income being under target resulting in a curtailed net 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 in-ability 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.

Expected 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 and pay & play income. Other important income 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 against specific expenditure (normally 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 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 transfer of further facilities and services from the Council to the organisation. In addition, since the 2015/16 year end, the organisation has agreed to change its 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, including as referred to above.

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 continues to deliver 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

Decision: To note the Treasurer's Report

9. ANNUAL ACCOUNTS 2015/2016 (REP-0674)

Nick Bennett and Jennifer Law (Scott-Moncrieff) had already gone through the Annual Accounts and the Audit Management Report at the Audit and Finance Sub Committee Meeting on 10th August where a detailed discussion was held.

At the request of the Audit and Finance Sub Committee a few amendments to the wording have been made, and Robin asked that the accounts be approved and adopted by the Board.

With regard to the Audit Management Report, Robin reported two areas of moderate risk and two of limited risk. These will be addressed by appropriate officers.

The Directors present unanimously approved the 2015/16 audited accounts, and were happy for the Secretary to sign the Letter of Representation on behalf of the Board.

Decision: To approve the 2015/2016 Annual Accounts and the corresponding financial statements; and to note the Auditor's opinion.

10 APPOINTMENT OF OFFICE BEARERS

Cindy handed the Chair to Robin for this item. Robin invited nominations from the Board for the position of Chair.

Decision:

1. To unanimously reappoint Cindy Brook as Chair until the date of the next AGM

Robin handed the Chair back to Cindy who invited nominations for the positions of Secretary, Treasurer and Health & Safety Director.

Decisions:

2. To unanimously reappoint Beverley Greer as Secretary until the date of the next AGM
3. To unanimously reappoint David Eardley as Treasurer until the date of the next AGM
4. To unanimously appoint Karen Anderson as Health and Safety Director until the date of the next AGM

11 APPOINTMENT OF MEMBERS OF THE AUDIT & FINANCE SUB COMMITTEE AND ITS CHAIR

The following Directors were reappointed to the Audit and Finance Sub Committee: Cindy Brook, Steven Stewart, David Eardley, Robert Taylor, Alan Dawson and Karen Anderson. It was unanimously agreed to reappoint Steven Stewart as Chair of the Audit Sub Committee.

12 APPOINTMENT OF AUDITOR

Robin recommended that Scott Moncrieff be re-appointed as Auditor to West Lothian Leisure.

Decision: to unanimously appoint Scott-Moncrieff as Company Auditor until the date of the next Annual General Meeting.

Cindy thanked Directors for their time and interest in the AGM and for all their hard work during the past year.

13 AOCB

There was no other business.