

# Governance Risk and Best Value Committee

10.00am, Tuesday 28 November 2017

## Council Companies - Edinburgh Leisure Annual Report 2016/17 - referral from Culture and Communities Committee

Item number	7.2
Report number	
Wards	All
Council Commitments	

### Executive summary

On 14 November 2017, the Culture and Communities Committee considered the annual performance report for Edinburgh Leisure covering the period 2016/17. The report is now referred to the Governance, Risk and Best Value Committee for scrutiny.

## Council Companies - Edinburgh Leisure Annual Report 2016/17 - referral from Culture and Communities Committee

### Terms of referral

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- 1.1 Following a review by Internal Audit, Council approved actions in June 2016 to improve the scrutiny of Council companies. This included a range of actions regarding governance and reporting to Council committees, whereby scrutiny was separated to allow executive committees to scrutinise future plans of the relevant company and for the Governance, Risk and Best Value Committee to scrutinise past performance and accounts.
- 1.2 On 14 November 2017, the Culture and Communities Committee considered the annual performance report for Edinburgh Leisure covering the period 2016/17. The report is now referred to the Governance, Risk and Best Value Committee for scrutiny as per the agreed procedure.
- 1.3 The Culture and Communities Committee agreed:
  - 1.3.1 To note the performance of Edinburgh Leisure during 2016/17.
  - 1.3.2 To refer the report by the Executive Director of Communities and Families to the Governance, Risk and Best Value Committee for scrutiny.

### For Decision/Action

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- 2.1 The Culture and Communities Committee has referred the report to the Governance, Risk and Best Value Committee for scrutiny.

## Background reading / external references

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[City of Edinburgh Council – 30 June 2016](#)

[Culture and Communities Committee - 14 November 2017](#)

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### Links

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#### Appendices

Appendix 1 - report by the Executive Director of Communities and Families

Appendix 2 - Report and financial statements 31 March 2017

# Culture and Communities Committee

10.00am, Tuesday, 14 November 2017

## Council Companies – Edinburgh Leisure Annual Report 2016/17

Item number	9.3
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### Executive Summary

Edinburgh Leisure's vision is '*inspiring Edinburgh to be a more active and healthy city*', the company's purpose; '*to make a positive difference to communities by creating opportunities for everyone to get active, stay active and achieve more*'. The Edinburgh Leisure team are passionate about the positive impact physical activity can have on peoples' physical, mental and social wellbeing and, with a constant focus on the company's vision and purpose, have delivered some great results in 2016/17.

In 2016/17 the company invested circa £3,000,000 into assets across the city. These investments made a positive contribution to the company's financial performance; a £442,000 surplus against a budgeted break-even position and usage figures; 4,627,044 customer visits, 1% ahead of both target and last year.

Edinburgh Leisure is acutely aware of the barriers that can inhibit an active and healthy life and the Active Communities programme is the company's response to such. The programme is made up of a variety of projects that use physical activity and sport to improve, and in many cases transform, the lives of people affected by health conditions, disabilities, inequalities and poverty. Many of the projects are delivered in partnership with others and rely on partnership and external Funding. 5,200 people were supported through the Active Communities programme in 2016/17 and Edinburgh Leisure secured a total of £708,000 of external funding to help deliver a broad range of, and much needed, health and inclusion projects.

Partnership work continues to be a priority for Edinburgh Leisure; it has long recognised that co-working can achieve greater outcomes.

# Report

## Council Companies – Edinburgh Leisure Annual Report 2016/17

### 1. Recommendations

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- 1.1 Note the performance of Edinburgh Leisure during 2016/17.

### 2. Background

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- 2.1 Edinburgh Leisure's results for 2014/15; a surplus of £505k, represented an almost £1m turnaround in the financial performance of the organisation since 2013/14. This enabled the company to invest circa £3m during 2015/16 (with all but £115k funded from cash balances). These investments contributed to the achievement of a £293k surplus against a budgeted break-even position for the year 2015/16.
- 2.2 The company began 2016/17 in a positive position but cognisant of the ever present environmental pressures, including: increasing competition (especially in the fitness marketplace), increasing costs, rising customer expectations and reduced funding from the City of Edinburgh Council. The company also recognised opportunities to improve and to grow and throughout 2016/17 there was an organisational focus on:
- Delivering on the company's purpose, vision and values
  - The engagement of Edinburgh Leisure employees
  - Protecting services and building a sustainable business model by increasing usage and income and managing expenditure.

### 3. Main report

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#### Investments

- 3.1 The strategy to invest to improve the company's long term sustainability continued in 2016/17. Edinburgh Leisure invested circa £3m into assets across the city (the only borrowing being an interest free loan of £221k). Investments included:
- The refurbishment of Drumbrae Leisure Centre
  - Gym refurbishments (the Royal Commonwealth Pool and Portobello, Warrender and Dalry Swim Centre(s))
  - Cycle studio refurbishments (Leith Victoria, Drumbrae and the Royal Commonwealth Pool)
  - A new climbing experience; Clip' n 'Climb at the EICA

- gymnastic facility investments (Tumbles at Portobello, Kirkliston, Gracemount, Ainslie Park and Meadowbank)
- combined heat and power units (Leith Victoria, Portobello and Warrender Swim Centre(s))
- improved technological capabilities with: new coaching software, enhanced Human Resource systems and a new website

### **Financial health**

3.2 The investments contributed to the continuing improvement in the company's financial health. For 2016/17 the company reported a £442k surplus against a budgeted break-even position. (Appendix 1 provides an overview of Edinburgh Leisure's recent financial performance).

### **Usage**

3.3 The investments also had a positive impact on participation and usage figures. During 2016/17 Edinburgh Leisure attracted 4,627,044 customer visits, 1% up on target and the previous year.

Visits by young persons, included in the above figure, were 1,777,489, against a target of 1,706,288 and visits by people aged 65 years+, 349,950, against a target of 329,565.

### **Helping people be active**

3.4 Edinburgh Leisure's Active Communities team uses the power of physical activity and sport to help improve the lives of people affected by health conditions, disabilities and poverty. In 2016/17 the team delivered a range of projects (refer to appendix 2 for details) which supported 5,200 people to be active. Several of these projects: Looked After & Active, Health 4 U, Positive Destinations, Young Ambassadors, Open All Hours contribute to the 'Curriculum for Excellence' and 'Getting It Right for Every Child' (GIRFEC) outcomes.

3.5 The quality and impact of the Active Communities work is measured and evaluated in a variety of ways, including feedback from participants. It is always heartening to receive external recognition and the team were delighted that the volunteers, instrumental in the delivery of the Ageing Well programme, received a 'highly commended' in the 'Older Peoples Project of the year' at the Herald Society Awards. Several projects have also featured at industry conferences, including: the Scottish Physical Activity Research Connections Event (October 2016) and the Spirit 2012 conference - Legacy In Action: Making Scotland More Active (March 2017).

### **External funding**

3.6 Edinburgh Leisure secured circa £708K in external funding from partner organisations to sustain and develop vital projects such as: Ageing Well, Healthy Active Minds, Macmillan Move More Edinburgh, Steady Steps. Whilst short of the £816k target by 13%, the monies raised were up 5% on the previous year.

### **Project schools**

3.7 Work has been taking place since October 2015 to progress with the City Council's desire to transfer the management of the secondary school sport facilities, out-with curricular and extra-curricular time, to Edinburgh Leisure. Bringing Edinburgh Leisure's expertise to the management of these facilities was seen as key to: delivering financial savings for the Council, increasing access to the school sport facilities by local people and local clubs, increasing opportunities for physical activity participation and improved customer care. Throughout 2016/17, Edinburgh Leisure worked closely with colleagues in the City of

Edinburgh Council and began the phased transfer of the schools. The new James Gillespie's High School transferred in September 2016 and Portobello High School in November 2016.

### **Partnerships**

- 3.8 Edinburgh Leisure values its strategic partnership with the City Council, working with the Council to make Edinburgh a great city to live and work in. In addition to the schools project, Edinburgh Leisure have also been working with the Council on: the new Meadowbank Sports Centre, the creation of a cycling hub and improved outdoor facilities at Hunters Hall Park and improvements to the Jack Kane Sports Centre. Throughout the year the company has also been exploring opportunities for joint working with Edinburgh's Health & Social Care Partnership.

### **People**

- 3.9 Encouraging and supporting people to be active and healthy is at the heart of what Edinburgh Leisure does and this also applies to everyone who works at EL. In March 2017 Edinburgh Leisure achieved the 'Gold Healthy Working Lives Award' in recognition of the number of initiatives delivered to support employee wellbeing. The Healthy Working Lives assessor commented:

*'Edinburgh Leisure has strong leadership that makes employee wellbeing a priority recognised throughout the organisation. The workforce is focused on health and activity for people in the community and sites are fully engaged in their own programmes and initiatives. During the assessment day, feedback from employees was very positive and it is clear that activities and information reaches employees throughout the organisation. Moreover, there are clear efforts made to reach people who might otherwise be overlooked.'*

*During the assessment day, those on the Wellbeing Board talked about plans and ideas for the future with a tangible enthusiasm for the Healthy Working Lives programme.*

*There is a strong commitment to employee wellbeing in this organisation and overall this was an impressive assessment visit.'*

### **Looking ahead**

- 3.10 During the year to March 2017 the City of Edinburgh Council provided £8,308,000 of funding to Edinburgh Leisure for the delivery of core services. Funding for 2017/18 has reduced to £8,075,000. Edinburgh Leisure is acutely aware of the funding challenges the Council faces in 2018/19 and beyond and, therefore, the risk of future funding reductions. In addition to the funding challenges, the company faces a range of other budgetary pressures; these are explored in regular dialogue with Council colleagues. The need for continuous improvement is therefore at the forefront of company activities, as is continuing to increase participation and inspire even more people in Edinburgh to be active and healthy.

#### **4. Measures of success**

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- 4.1 Edinburgh Leisure contributes effectively to the delivery of the Council's outcomes.
- 4.2 The Directors of Edinburgh Leisure consider actual performance against target and history for various metrics. Regular performance reports are shared with the Board and the City of Edinburgh Council.

#### **5. Financial impact**

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- 5.1 Council funding to Edinburgh leisure in 2016/17 was £8,3018,000.

#### **6. Risk, policy, compliance and governance impact**

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- 6.1 This report is required under the Council's governance arrangements for Council companies. There are no risk, policy or compliance implications arising from this report.

#### **7. Equalities impact**

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- 7.1 There are no equalities implications arising from this report.

#### **8. Sustainability impact**

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- 8.1 There are no sustainability implications arising from this report.

#### **9. Consultation and engagement**

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- 9.1 Edinburgh Leisure has worked with Council officers and external partners on a variety of projects.
- 9.2 Edinburgh Leisure engages with customers in a variety of ways to obtain feedback on services and to help inform services / product development.

#### **10. Background reading/external references**

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- 10.1 Edinburgh Leisure website



**Alistair Gaw**

Executive Director of Communities and Families

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## **11. Appendices**

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Appendix 1 Overview of Edinburgh Leisure's recent financial performance

Appendix 2 Edinburgh Leisure's Active Communities projects, 2016/17

## Appendix 1

Year	Management Fee from CEC	EL's Operating Income	EL's Operating Costs	Net Position
2013/14	£8,859,000	£19,853,000	£29,130,000	£418,000 deficit
2014/15	£9,000,000	£19,530,000	£28,025,000	£505,000 surplus
2015/16	£8,418,000	£20,354,000	£28,479,000	£293,000 surplus
2016/17	£8,308,000	£21,099,000	£28,965,000	£442,000 surplus

## Appendix 2

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
Active Lives	Older Adults / 45 + living in areas of health inequalities	375 participants referred	283 referrals 244 engaged in physical activity	<p>Active Lives funding and delivery came to an end in January 2017.</p> <p>The Active Lives programme was initially launched in April 2013 with a 3 year grant from the City of Edinburgh Council and subsequent funding from Spirit of 2012 as part of the 2014 Physical Activity Legacy fund.</p> <p>Between January 2013 - December 2016 the project received 2,223 referrals and helped 1,749 people get active.</p> <p>Analysis of Active Lives data showed that 52% of people were doing less than 30 minutes of physical activity a week before they started the programme but following 6 months of participation in Active Lives (stage 1) this fell to 27%.</p> <p>Whilst we're not able to claim that the project has enabled inactive people to achieve the national recommended guidelines for physical activity our evidence supports a marked increase in physical activity levels and significant change (26% improvement) in participants moving from a position where they did less than 60 minutes' physical activity to one where they are doing over 60 minutes' activity on a weekly basis.</p> <p>100% of the participants that completed a questionnaire following stage 1 reported that they had experienced better health as a result of the Active Lives project and 47% of people completing final evaluation forms indicated that they had reduced their health risks.</p> <p>27% reported that they were eating healthier and 52% reported that they had maintained or improved their weight throughout their Active Lives journey.</p>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				<p>Active Lives submitted an abstract to the Scottish Physical Activity Research Connections Scientific Committee and was selected to submit a poster presentation at their Conference in October 2016.</p> <p>Over the next 12 months the Health and Physical Activity Manager will work with Spirit of 2012 and 10 national projects who were also funded as part of the 2014 Physical Activity Legacy Fund to share key learnings and best practise nationwide around targeting the inactive.</p>
<b>Ageing Well (AW)</b>	Older Adults	<p>400 older adults active per month</p> <p>20 new AW volunteers recruited &amp; completed their core training programme</p> <p>2 new programmes introduced</p>	<p>400 older adults active per month</p> <p>246 new participants</p> <p>15 new volunteers recruited, trained and supporting programmes</p> <p>60 active volunteers throughout the year</p> <p>6 new activity sessions introduced including Buddy Tennis</p> <p>10,036 programme visits</p>	<p>The Ageing Well project underwent a review this year to ensure the delivery model was more sustainable and aligned to other Active Communities projects.</p> <p>A new team structure is now in place:</p>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				<div data-bbox="1406 252 1977 783" data-label="Diagram"> <pre> graph TD     A["Ageing Well Development Officer (30hrs)"] --&gt; B["Ageing Well Project Officer (volunteering) (21hrs)"]     A --&gt; C["Ageing Well Project Officer (Programming) (35.75hrs)"]     C --&gt; D["Ageing well Project Assistant (Admin) (35.75hrs)"]     C --&gt; E["Ageing well Project Assistant (Programme) (18hrs)"] </pre> </div> <p data-bbox="1240 807 2150 887">Changes to the programme delivery have also taken place, including an increase to participants' voluntary contributions from 50p to £1. Care Homes now also cover the full cost of their seated exercise classes.</p> <p data-bbox="1240 951 1279 975">1.1</p> <p data-bbox="1240 995 2150 1075">The AW team have been working with Edinburgh Leisure colleagues to increase older adults participation in swimming and walking; expanding the delivery of buddy swim sessions across our venues and introducing 2 cancer friendly walks.</p> <p data-bbox="1240 1107 2150 1187">The AW project received a £6k grant from Paths for All to support dementia friendly activities within the programme. This funding is being used to train volunteers in dementia awareness and to introduce:</p> <ul data-bbox="1240 1193 2150 1272" style="list-style-type: none"> <li>• a dementia friendly sit to walk programme (a progressive programme of seated, strength and balance exercises leading onto indoor and outdoor walking).</li> <li>• a dementia friendly sensory garden within out Leith allotments.</li> </ul>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				<p><u>Events</u> AW, in partnership with CEC Health and Social Care, organised and delivered a successful care home Olympics event in July with 11 CEC Health &amp; Social Care, care homes taking part.</p> <p>October 2016 saw the successful delivery of the Big Fit Walk and our annual older adult's event, in partnership with Pilmeny Development Project and CEC. 500 older adults took part in a range of physical activities and information stalls, staffed by a wide range of professionals.</p> <p>Over the last 12months AW has received much recognition for their impactful work with older adults including:</p> <ul style="list-style-type: none"> <li>• Press articles on the older adults event and the big fit walk</li> <li>• STV Edinburgh featured the Older Adults Day and the Big Fit Walk events</li> <li>• BBC Scotland Paths for All featured our walking programme</li> <li>• Friends of the Scotsman article written by our Ageing Well Manager was published in September 2016 and focussed on the importance of being active into later life.</li> <li>• Get Up &amp; Go awards 2016 - The AW volunteer team were awarded a 'highly commended' certificate for their contribution to a service that makes a difference.</li> <li>• Queens Award for Volunteering - As part of our nomination for the Queens Award for Volunteering the Lord Provost visited our Swim Buddies session at the Royal Commonwealth Pool in January 2017.</li> </ul> <p><b>One buddy swim participant who had used a float to swim when she started back in April, has built up her confidence with the support of the volunteers over the past few months and now swims float-free. She swam 34 lengths last week at the Buddy Swim session at Glenogle Swim Centre.</b></p>
<b>Community Access Programme (CAP)</b>	Voluntary Sector Organisations (Working with a range of equalities groups)	20,000 visits by CAP participants  1,000 participants referred	24,669 visits. Visits are 23% higher than target.  1,053 participants referred.	The Community Access Programme is designed to support community groups working with people facing disadvantages. It encourages people to get active through making more and better use of Edinburgh Leisure facilities. The project works with registered charities based in Edinburgh who want to increase the amount of physical activity that their service users participate in.

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
		185 organisations will join the CAP in 2016/17	190 organisations affiliated. 1,781 voluntary organisation staff card holders.	<p>171 individuals have participated in community-led physical activity sessions. These include:</p> <ul style="list-style-type: none"> <li>• 100 young carers and their families participated in the Edinburgh Young Carers Project Family Fun Day which was organised through the Community Access Programme in partnership with Scottish Widows.</li> <li>• 36 Carers from VOCAL regularly attending physical activity tasters which have been running for 3 months at Meadowbank SC and Drumbrae LC.</li> </ul> <p>Delegates from 35 CAP affiliated organisations attended our annual CAP conference in April where workshops were offered on Physical Activity, Health &amp; Wellbeing and encouraging the inactive to get active.</p>
<b>First Steps in Leith</b>	Black & Minority Ethnic (BME) Groups Women's Groups	2,200 visits to Leith Victoria's Women Only swimming sessions.	2,221 visits to women's activities targeting Black & Minority Ethnic women.	<p>The First Steps in Leith Women's Only Swimming session offers a weekly, low cost, swimming session in an environment supported and staffed by women. This offer is attractive to women and their families from Black and Minority Ethnic communities, and women from all over Edinburgh travel to attend this Saturday afternoon service. The number of women attending this service continues to be very high.</p> <p>Since April 1<sup>st</sup> 2016 the First Steps programme has not received any additional external funding. In recognition of the importance and benefits of offering a female only swim session, staffed by women, existing project funding will support this session to become part of the mainstream Leith Victoria SC programme. As of the 1<sup>st</sup> of April 17 the cost of a female only swim session has increased from £1 to £2. This remains a significant subsidy and offers a price that is 54.5% lower than a standard swim. Usage will be closely monitored to analyse the impact of this price increase on participation.</p>
<b>Fit For Health (FFH)</b>	Anyone aged 16+ who has a long term health condition (e.g. cardiovascular disease, respiratory disease, heart failure and diabetes)	<p>500 participants referred</p> <p>80% (400) participants start</p> <p>50% (200) completion rate</p>	<p>655 referrals received (31% above target)</p> <p>78.3% (513) participants started</p> <p>33% (131) completion rate</p>	<p>Fit for Health (FFH) is being delivered in 7 Edinburgh Leisure venues.</p> <p>Over the last 12months we have made small changes to the participant pathway. Previously participants had unlimited time to attend 12 FFH sessions. This led to challenges managing waiting lists and made it difficult to report on completion rates. Participants are now invited to a 16week block of FFH sessions and must complete</p>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				<p>12weeks to be classed as a completer. This has reduced waiting lists and allowed us to invite 121 new participants in September / October. Prior to this an average of 17-18 people per month were invited to join FFH. We are now able to invite an average of 39 new participants per month. As a result, our completion rates have increased from 100 last year to 131 this year, a 31% increase.</p> <p>We also introduced a part time (16hrs/week) specialist health instructor in June 2016 to allow us to support more people through the programme.</p> <p>The last quarter of 2016-17 saw the introduction of activity trackers to support people to complete the FFH programme. This means that FFH participants can monitor their activity levels out with FFH sessions. The initial role out of trackers was at Leith Victoria and Ainslie Park. The Fit for Health Development Officer will measure the impact of the trackers - it is hoped that they will support behaviour change and motivation levels of participants.</p> <p>Fit for Health worked with Edinburgh University &amp; NHS Lothian to deliver a 12 week programme for South Asian Women. This successful pilot saw an average of 11-12 participants attend each class, with participants improving their 6minute walk test by an average of 89metres (23%). The women reported 'Improved Wellbeing', 'Better Sleep' and 'Feeling Fitter' following the 12week programme with 75% feeling more confident in taking part in independent physical activity.</p> <p>A successful partnership with Queen Margaret University was developed this year with 11 students now supporting programme delivery through student placements.</p> <p>From the 655 referrals the breakdown of health conditions are:-</p> <ul style="list-style-type: none"> <li>• 49% cardiovascular disease</li> <li>• 42% respiratory disease</li> <li>• 29% diabetes</li> <li>• 17% with Multi-conditions</li> </ul>



Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				<p>Participants completing the FFH programme increase their 6 minute walk test by an average of 185.3metres (69.5% improvement)</p> <p><b><i>“At first I was really nervous attending the classes but watching everyone else inspired me and gave me the confidence to complete all the different circuit exercises. I really enjoyed my 12 weeks and I’m definitely planning on continuing to be active!” (FFH participant)</i></b></p>
<p><b>Get Going</b></p>	<p>Children &amp; Young People, aged 5-17, out with a healthy weight range</p>	<p>16 courses per year</p> <p>75% completion rate</p> <p>Maintenance or decrease in BMI at course completion, 3 and 6 month catch up</p>	<p>16 courses completed</p> <p>67% completion rate</p> <p>Average change in BMI from pre-course measurements at:</p> <ul style="list-style-type: none"> <li>• Programme completion: decrease of 0.45kg/m2</li> <li>• At 3 month catch ups: decrease of 3.7kg/m2</li> <li>• At 6 month catch ups: decrease of 0.24kg/m2</li> </ul>	<p>Get Going has supported 48 families to complete physical activity and healthy eating courses.</p> <p>The Weight Management Development Officer continues to work with participants and colleagues to provide opportunities for families and children to continue to be active out with the Get Going programme. This has led to the following opportunities being available to Get Going families / children:</p> <ul style="list-style-type: none"> <li>• Concessionary soft play membership: This is offered to all families who complete the 9 week Get Going course and entitles them to 1 month free access to soft play for the referred child, followed by a 6 month membership with 45% discount. 8 families have taken up this soft play membership in 2016/17.</li> <li>• Concessionary coaching places (piloted last year): This is offered to all families who complete the 9 week Get Going course and allows parents to book their children into subsidised coaching blocks. Block 1 is offered with a 60% subsidy and a consecutive coaching block at 30% subsidy. 14 families have taken up this concessionary coaching offer, moving from the Get Going programme into mainstream coaching programmes. Additionally, 11 families from the first pilot group continued with a 2nd term of coaching.</li> </ul> <p><b><i>“It’s great to see how much my kids have progressed through the Get Going programme.</i></b></p> <p><b><i>Amy loves using her lifestyle diary and Jamie has really enjoyed the physical activity element. I now know how to compare foods when shopping, which is something I never used to do.” (Parent)</i></b></p>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
<b>Get Moving</b>	Adults with a BMI over 30 referred to us from NHS Lothian weight management service	20 courses per year  5% weight loss in 11 weeks  Maintained or continued weight loss at 6, 9 and 12 months	22 courses delivered  163 participants completing 72.8% completion rate  Average weight loss from pre-course measurements at: <ul style="list-style-type: none"> <li>• Programme completion: 36 (22.1%) have achieved 5% 58 (35.6%) have achieved &gt;3-4.9%</li> <li>• At 6 month catch ups: 63% achieved a further weight decrease</li> <li>• At 9 month catch ups: 47% achieved a further weight decrease</li> <li>• At 12 month catch ups: 27% achieved a further weight decrease</li> </ul>	Get Moving has supported 163 adults to complete the adult weight management programme. To support adults with long term behaviour change the following additional interventions took place: <ul style="list-style-type: none"> <li>• 32 6month follow ups</li> <li>• 17 9month follow ups</li> <li>• 11 12month follow ups</li> </ul> 2.1 Outcomes for participants attending courses between April 2016 – March 2017 include: <ul style="list-style-type: none"> <li>• a combined weight loss of 453.14kg (71 stone)</li> <li>• 93% of participants increased their physical activity levels</li> <li>• 74% of participants report an increased knowledge on how to lead a healthier lifestyle</li> <li>• 78% of participants report an increased confidence level</li> <li>• 67% of participants had made improvements to their diet</li> <li>• 67% of participants felt that their overall health had improved</li> </ul> <p><i>'I like the combination of learning and getting together for exercise, as both are important. Attending the group regularly gives a sense of support and confidence to make food decisions during the week. Group work and level of activities were good and coordinators were positive.'</i> (Get Moving participant)</p>
<b>Health Development Programme / Health Referral Services</b>	People living with a long term health condition  Stroke Health and Wellbeing Exercise Referral Smoke Free Management	100 health referrals  Deliver 4 Exercise After Stroke Classes / week	<u>Programme Referrals:</u> Exercise After Stroke 81 Smoke Free Management 38 Cystic Fibrosis 21  <u>Programme visits:</u> Health and Wellbeing 578 Exercise Referral 2188 Smoke Free Management 223 Cystic fibrosis 363	<u>Health and Wellbeing</u> At the start of the year Health and Wellbeing classes were being delivered within 8 EL venues with the primary aim of providing a pathway from our targeted health referral programmes into mainstream Edinburgh Leisure services; making it easy for our health referral participants to stay active.  In October a review of Edinburgh Leisure's Health and wellbeing classes saw the launch of a new 3 tier low level class programme which continued to support health referral participants to stay active but also targeted the inactive / less able to become active with Edinburgh Leisure:

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				<ul style="list-style-type: none"> <li>• <b>Active Sit</b> - Chair based class with a focus on improving strength, balance and confidence in everyday movements.</li> <li>• <b>Strength and Balance</b> - Seated and standing exercises with a focus on improving strength, balance and fitness.</li> <li>• <b>Strength and Cardio</b> - Standing movement class that focuses on fitness, strength and endurance.</li> </ul> <p>3.1</p> <p>Recent analysis of Active Sit attendance showed that 85% of participants are non-EL members indicating that we are successfully attracting the less active populations. The Strength &amp; Balance and Strength &amp; Cardio classes were later to launch and initial analysis of attendance highlights that 81% of participants are existing EL members highlighting the benefit to customers in providing lower intensity activity.</p> <p>These classes were initially introduced at Drumbrae Leisure Centre during their re-opening but have since been rolled out to Craiglockhart Leisure Centre, Ainslie Park Leisure Centre, Gracemount Leisure Centre and Meadowbank Sports Centre, meaning we now have 16 classes running weekly.</p> <p><u>Exercise after Stroke</u></p> <p>Weekly classes run at 4 Edinburgh Leisure venues with the Royal Commonwealth Pool introducing a class in early 2017/18. The additional class at Royal Commonwealth Pool is possible due to investment in training in October 2016 where 1 staff member from Royal Commonwealth Pool started their Level 4 Exercise After Stroke training.</p> <p>Focussed work with Stroke wards within NHS Lothian over the last 3 months has seen referrals increase by 15%.</p> <p><b><i>“The class is excellent and I look forward to it every week for the social aspect as well as the physical aspect” (Exercise After Stroke Participant)</i></b></p> <p><u>Smoke Free Management</u></p> <p>Over the last few years referrals to this programme had drastically reduced due to NHS staffing issues. Towards the end of 2016 NHS Lothian appointed a new Smoke Free Lothians manager and initial meetings have taken place in January 2017 with a new Smoke Free pathway to be implemented in 2017/18.</p>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
<p align="center"><b>Healthy Active Minds</b></p>	<p>People experiencing mild to moderate mental health conditions, stress and anxiety</p>	<p>800 Individual consultations delivered</p> <p>400 participants to complete stage 1 (0-12 weeks)</p> <p>Participants supported to be more active</p> <p>Improve mental wellbeing</p>	<p>707 Individual consultations completed (88% to target)</p> <p>295 completed stage 1 (74% to target)</p> <p>7,815 stage 1 (0-12 weeks) visits made</p> <p>2,192 stage 2 (12 – 36 weeks) visits made</p> <p>Total Visits= 10,007</p> <p>969 physical activity sessions delivered</p>	<p>Healthy Active Minds received 1198 referrals in 2016/17.</p> <p>2,442 1-1 appointments delivered to participants (these include initial consultations, physical activity sessions and post programme follow ups).</p> <p>Historically Healthy Active Minds has been a GP referral programme only but following feedback from Health Professionals and discussions with NHS Lothian we have opened up the referral pathway allowing any mental health professional to refer to the service. We hope that this will make access to the service easier for people that need it. Whilst we don't anticipate the opening up of the referral pathway to have a significant impact on the overall numbers of referrals we will be monitored this over the next 6 months to ensure that we are able to meet demand.</p> <p>Last year saw 26% of appointments not attended or cancelled at the last minute. This is a comparable figure to other services working with this target group. To reduce this level of unattended appointments and improve the customer experience the Healthy Active Minds team introduced a text reminder service in February 2017. Studies show that text reminder services can reduce non-attendance at appointments by up to 50%. The Healthy Active Minds team will monitor appointment attendance over the next 6 months to determine impact.</p> <p>The Healthy Active Minds team use the Warwick Edinburgh Mental Wellbeing Scales (WEMWBS) to monitor participant's mental wellbeing during the programme. The WEMWBS scale runs from 14-40, the higher the score the better someone's wellbeing. Results over that last year evidence an improvement in mental wellbeing after 12 weeks participation in Healthy Active Minds with average scores going from 37 pre-programme to 46.</p> <p>Healthy Active Minds is currently funded to the end of October 2017 through NHS Lothians Mental Wellbeing Team however from November 2017 the funding of all mental health services in Edinburgh will come under the Edinburgh Wellbeing Public Social Partnership. We are hugely passionate about the positive impact physical activity can have on mental health and it is our goal to work with the new Edinburgh Wellbeing Public Social Partnership to continue to deliver our physical activity referral which supports people with mental health conditions to get active and use physical activity as a tool to treat and manage their condition. As it stands however funding post October 17 is uncertain.</p>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				<p>Healthy Active Minds evaluations at 12 weeks show:</p> <ul style="list-style-type: none"> <li>• 99.6% enjoyed their Health Active Minds journey</li> <li>• 99.6% plan to continue with physical activity</li> <li>• 99.6% would recommend Healthy Active Minds to others</li> </ul>
<p><b>Looked After &amp; Active</b></p>	<p>Looked After &amp; Accommodated Children &amp; Young People</p>	<p>500 Looked After &amp; Accommodated children (LAAC) per year</p> <p>6,000 visits to the programme per year</p> <p>100 Children accessing coaching sessions</p>	<p>798 LAAC engaged with the programme</p> <p>6,711 visits to the programme</p> <p>78 children taking part in EL coaching through the LA Active bursary</p>	<p>Looked After &amp; Active was initially launched in April 2013 with a 3 year grant from the City of Edinburgh Council. Funding for this programme came to an end in January 2017 and Edinburgh Leisure took the decision to continue to fund key elements of the programme to January 2018.</p> <p>Looked After and Active uses physical activity and sport to improve the lives of young people in care. It encourages looked after and accommodated children &amp; young people (together with their carers) to become more physically active to improve their health and wellbeing.</p> <p>In 2016 around 1,400 children and young people were looked after by the City of Edinburgh Council. Research shows that children and young people in care don't participate in physical activity, with 34% not doing any at all.</p> <p>This year 798 young people, aged between 0-26 years old have been supported to be more active or learn a new sport through Looked After &amp; Active. 53% are being active regularly, with participants making 6711 visits to Edinburgh Leisure facilities.</p> <p>Any child aged 0 – 26 years old, who is looked after at home, in Kinship Care, Foster Care, in a residential care setting or in through care and after care is eligible.</p> <p>Edinburgh Leisure have delivered 13 physical activity and health and wellbeing outreach sessions to 45 young people in residential units and through care services over the summer.</p>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				In February 2017, Edinburgh Leisure recruited a temporary 12 month supervisor to deliver outreach health and wellbeing sessions and 1-1 person centre activity sessions with hard to reach young people.
Move More Edinburgh	People affected by cancer	240 referrals in year 2	172 referrals (72% of target)	<p>Move More Edinburgh was formally launched in May 2016 at the Royal Commonwealth Pool.</p> <p>The programme which has just completed 2 years of delivery currently has the following classes taking place across the city:</p> <ul style="list-style-type: none"> <li>1 x Gardening (The Royal Botanic Gardens)</li> <li>2 x Gentle Movement Classes (Leith Victoria Swim Centre and Craiglockhart Leisure Centre)</li> <li>4 x Circuit classes (Drumbrae Leisure Centre, The Royal Commonwealth Pool, Meadowbank Sports Centre and Napier University, Sighthill)</li> <li>1 x Walking group (The Meadows)</li> </ul> <p>We have also supported our Ageing Well colleagues to introduce 3 cancer friendly walks across the city.</p> <p>Over the last year we have achieved:</p> <ul style="list-style-type: none"> <li>• 172 referrals (This is almost double the referrals of year 1)</li> <li>• 58% (99 people) conversion from referral to participant</li> <li>• 48% (48 people) completing a minimum of 10 weeks of Move More Edinburgh activities.</li> <li>• 1068 physical activity visits made by 126 Move More Edinburgh participants.</li> </ul> <p>The last quarter has seen us make some changes to the participant pathway. Previously Macmillan requested that participants were provided 12 weeks access to 4 different activities and were not to repeat any activity. This meant that if people found an activity they enjoyed they still needed to move on after 12 weeks leading to low attendance at classes and some people only taking part in 12 weeks of activity as they were not interested in attending the other Move More sessions. We have worked with Macmillan to improve this pathway and participants can now take part in 48 weeks of their preferred activities. This has led to increased activity levels and has increased the number of people in each session. This has also had a positive impact on the social element of the programme which is important to participants. The impact on completion rates and sustained physical activity longer term is being monitored.</p>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				Following feedback from participants around the marketing images on Move More leaflets the Move More Development Officer worked with Macmillan marketing team to update the images - Move More projects nationwide are now using images featuring participants from the Move More Edinburgh project.
<b>Open All Hours</b>	Children & Young People Disabilities / Additional Support Needs Low Income Households Young Women	300 young people to attend weekly, stretch target of 350  5 young volunteers to support the citywide programme  Work with Fabb to encourage young people with Additional Support Needs (ASN) to attend the provision	336 visits per week  3 young volunteers currently working in 3 Edinburgh Leisure venues  7 Fabb staff working in 4 venues supporting 19 young people with additional supports needs to attend the provision	Open All Hours is a physical activity youth work provision delivered in partnership between Edinburgh Leisure, City of Edinburgh Council and the voluntary organisations FABB, Canongate Youth, Jack Kane Community Centre and Southside Community Centre. The provision aims to provide young people with fully inclusive, accessible and affordable opportunities to take part in sports and physical activities at weekends. Open All Hours takes place in 10 Edinburgh Leisure facilities and Wester Hailes Education Centre (WHEC). Young People attending can choose to go to the gym, go swimming, participate in a dance session, enjoy team sports or hang out with their friends.  This year there were 7742 individual visits to Open All Hours over a 23 week period, which equates to 336 visits per week.  Funding for 2017/18 has been secured to run Open All Hours for 23 weeks. Funding beyond this is uncertain.  Ainslie Park have two very keen and dedicated young volunteers who have been volunteering for a year and half every Friday evening. Both volunteers came through the programme and understand how Open All Hours offers young people a positive activity to take part in on Friday evenings.  A smoking prevention poster was created by the young people at the Jack Kane Sports Centre Open All Hours, which was funded through Lothian Association of Youth Clubs Youth Tobacco Grants, and is now being promoted around the local community. The centre's detached youth team and the young people took the poster to various locations in and around the local community to promote the healthy choices message.  Drumrae and WHEC Open All Hours have created strong links with their local rugby clubs. The Rugby Development Officers and coaches have been delivering positive coaching sessions throughout this year. More than 30 young people have benefited from the coaching sessions, and 4 attended Murrayfield Wanderers Summer Rugby Camp in 2016.

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				Fabb (Facilitating access breaking barriers) have currently 7 youth work staff involved in Open All Hours venues across the city – namely, Commonwealth Pool, Drumbrae, Gracemount and Warrender. Nineteen young people take part in the sessions, supported by a Fabb worker (10 boys and 5 girls)
<b>More Families More Active</b>	Families on a low income in North East Edinburgh	1,000 Visits to More Families, More Active programme initiatives in North East Edinburgh	952 Visits to More Families, More Active programme initiatives in North East Edinburgh	<p>More Families More Active works with families on a low income in the North East of the city - taking in Craigmillar, Niddrie, Duddingston, Craigentenny and Leith – to provide opportunities for them to be more physically active.</p> <p>The Scottish Index of Multiple Deprivation (SIMD) identifies concentrations of deprived areas across the country and its 2016 statistics show that areas in the North East are among the most deprived in Scotland. More Families, More Active supports families to overcome the health inequalities they face, developing healthy physical activity habits, changing behaviour and encouraging the lifelong health benefits associated with achieving recommended levels of physical activity.</p> <p>In 2016/17 More Families More Active has:</p> <ul style="list-style-type: none"> <li>• Worked with Jack Kane Sports Centre in Craigmillar to pilot low cost activities for under 5's including "pop up" soft play, Active Start and Mini Kickers.</li> <li>• Provided local children with the opportunity to play outdoors in a safe environment with 6 weeks of free play sessions during the summer holidays</li> <li>• Delivered 3 terms of "Get Moving" (Edinburgh Leisure's Weight Management programme) from Jack Kane Sports Centre, where local adults with a BMI of 30 or over could be referred by their GP for a 12 week weight management course.</li> <li>• Worked in partnership with Active Schools to provide the Primary 1 class at Niddrie Mill School with lunch time music and movement classes for 8 weeks.</li> <li>• Participated in Health promotion weeks in 3 local primary and secondary schools</li> <li>• Delivered physical activity sessions for a young men's group in partnership with the Health Opportunities Team in Niddrie.</li> <li>• Launched a new product for under 5's – Born to Move - at Meadowbank Sports Centre and The Royal Commonwealth Pool, with 4 classes running each week. 40 local children attended 2 "roadshow" family fun days to promote the product.</li> <li>• Piloted an 8 week block of fitness classes for teenagers at The Royal Commonwealth Pool, with group cycling and dance fitness classes for 13-17 year olds.</li> </ul>



Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				<ul style="list-style-type: none"> <li>Delivered fitness taster sessions for parent's groups in community venues and in partnership with 3<sup>RD</sup> sector organisations such as Edinburgh Young Carers Project and the Citadel in Leith.</li> </ul>
<p><b>Positive Destinations Through Sport</b></p>	<p>Children &amp; Young People Not in Employment, Education or Training (NEET CYP)</p>	<p>150 Participants per year</p> <p>100 young people to gain certification /qualification</p> <p>50 young people to complete a work placement</p>	<p>173 young people engaged in Positive Destinations programme</p> <p>96 young people gained sports qualification/certification</p> <p>45 work based placements have been completed</p>	<p>Edinburgh Leisure's Positive Destinations through Sport project utilises the capacity of sport to transform lives, increase motivation, encourage learning and support personal development.</p> <p>The project is targeted at young people who are Not in Employment, Education or Training (NEET). Young people on the programme are encouraged to progress into Further or Higher Education, or supported into employment within the leisure Industry.</p> <ul style="list-style-type: none"> <li>173 young people engaged on Positive Destinations interventions during the period April 2016 – March 2017</li> <li>96 young people gained sports qualification/certification in same period</li> <li>75 work based placements completed</li> <li>6 Sports Leaders SQCF Level 4 courses delivered in Edinburgh engaging over 100 young people</li> <li>8 Sports leader's day courses successfully delivered in partnership with CEC Activity Agreements engaging 65 young people.</li> <li>96 young people receiving sports qualifications/certifications which include Sports Leaders Award, UKCC Level 1, NPLQ, Scottish FA Football qualifications, Athletics Leaders &amp; First Aid</li> <li>20 participants have since moved into employment/volunteering within Edinburgh Leisure as service providers, LA's and cleaners</li> <li>35 participants have since moved into further education opportunities at college and university</li> </ul> <p>Positive Destinations has been successful in securing £3000 funding from a local trust to set up and support the delivery of the leadership academy at Castlebrae High School.</p> <p>Positive Destinations was successful in October 2016 in securing £20,000 worth of project funding from the State Street Foundation to deliver Sports Leaders courses to a further 150 young people across Edinburgh. Due to the good work in the first 6 months of delivery of the State Street funding, Edinburgh Leisure have been invited to</p>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				<p>reapply for continuation funding to enable the further delivery of personal development projects for young people in Edinburgh.</p> <p><i>“Over the course, I have come across a few difficulties. I have OCD, on which I struggle with every day. However, the course has made me able to overcome some of my struggles and helped me figure out new strategies for me to cope with my intrusive thoughts and actions I take towards those thoughts” (Jemma, Positive Destinations Participant)</i></p> <p><i>“The course helped me develop my confidence in meeting new people and the ability to stand up and speak to a large group of people. It’s increased my people skills, where I’m now able to speak with people and get myself out there and know I’m giving a good impression of myself” (James, Positive Destinations Participant)</i></p> <p><i>“The course taught me all the fundamentals of how to be a good coach. Planning your sessions by creating a session plan and how to structure the session. It’s taught me how to deal with difficult situations whilst coaching, such as what to do when someone is injured or kids who are not wanting to take part in activity. Overall the course was a great experience, met some great people, developed my skills as a coach and the course is a great starting block for my coaching career. (Ryan, Positive Destinations Tutor)</i></p>
Young Ambassadors	Children & Young People	<p>4 Young Ambassadors to be registered from each State School (23) in Edinburgh</p> <p>Training calendar created</p> <p>Young Ambassadors training residential to take place in November 2016, and 30 YAs to attend</p>	<p>21 schools registered with the Young Ambassadors Programme</p> <p>Training calendar created</p> <p>Training residential in November 2016. 41 YAs from 15 schools attended</p>	<p>The Young Ambassador programme is a national Youth Sport Trust and Sportscotland programme, facilitated in Edinburgh by CEC Active Schools and Edinburgh Leisure. Our aim is use the power of sport and physical activity to upskill young people to promote and be ambassadors of sport in the School and Community. We support young people to lead and support sport in their schools and to lead and facilitate both Edinburgh Leisure and Active Schools events.</p> <p>The Young Ambassadors induction day took place on the 24<sup>th</sup> June at Meggetland Sports Complex. 51 Young Ambassadors from 18 Edinburgh State Schools were represented. There was also 6 from 3 Special Schools. The day consisted of workshops on their role as a Young Ambassadors, sharing training and volunteering opportunities and teambuilding.</p>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				<p>The training residential took place on 11<sup>th</sup> to 13<sup>th</sup> November 2016 at Loch Eil. 41 Young Ambassadors from 15 schools attended the residential. Training included Sports Leadership, presentation skills, and teambuilding.</p> <p><b><i>'Great experience and good for learning new skills and getting to know more Young Ambassadors across the city' (Young Ambassadors participant)</i></b></p> <p><b><i>'I had a really positive time at the residential, I always have a great time with all the Young Ambassadors as we all have the same interests and strive to succeed and achieve in life – can't wait till next year!'</i></b> (Young Ambassadors participant)</p> <p>A new Development Group has been created with senior Young Ambassadors recruited from 6 High Schools. Their main responsibilities for this year are fundraising for the residential in November, creation of a quarterly newsletter and to lead on the Young Ambassadors citywide meetings.</p>
Steady Steps	Health referral programme for those who have had or are at risk of having a fall.	<p>400 referrals per year</p> <p>100 per quarter</p> <p>Increased confidence</p> <p>Improved physical function</p>	<p>615 referrals</p> <p>314 completed programme</p> <p>97 on waiting list</p> <p>64 not taken up the opportunity due to health condition</p>	<p>In April 2016 we received an additional £13,000 from the Prevention Investment Fund to cover the cost of an additional part time instructor to support the delivery of Steady Steps. The part time instructor started with the project in June 2016.</p> <p>As a result of this increased staffing we have been able to grow the delivery of Steady Steps with four new classes introduced during 2016/2017 at the following Edinburgh Leisure venues:</p> <ul style="list-style-type: none"> <li>• Ainslie Park Leisure Centre</li> <li>• Leith Victoria Swim Centre</li> <li>• Craiglockhart Leisure Centre</li> <li>• Portobello Swim Centre</li> </ul> <p>Volunteer recruitment and retention continues to be challenging, with a number of our volunteers being university students and volunteer hours are heavily influenced by the University year. Despite the difficulties we have managed to train 11 new volunteers over the year.</p>

Project/ Service Area	Target Equality Group	Annual Target Output	Output Against Target	Progress & Impact: What difference has the project made in the last year?
				<p>Over the last 12 months Steady Steps has been profiled through case study presentations' at both the SPORTA health Improvement conference in September 2016 and the Scottish <b>Health</b> and Social Care Facilities <b>Conference in November 2016</b>. In addition to this Steady Steps was short-listed and commended at the Herald Society Awards in association with Social Work Scotland for The Older people's project Award in November 2016.</p>

**Edinburgh Leisure**

(a company limited by guarantee)

**Report and financial statements**

**31 March 2017**

Registered number SC 179259

Charity number SC 027450

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## Strategic report

### Achievements and performance

Every day, in Edinburgh Leisure's venues across the city, there are thousands of people taking action to improve their health. Thousands of people taking part in hundreds of activities at dozens of locations doing their bit to change Scotland's label as The Sick Man of Europe. The most recent Scottish Health Survey published last year stated: "Being active is important for physical and mental health in many ways, including reducing the risk of over 25 chronic conditions including coronary heart disease, stroke, type 2 diabetes, cancer, obesity and musculoskeletal problems. It also has secondary prevention benefits for many other conditions."

Edinburgh Leisure is a charity whose purpose is to make a positive difference to communities by creating opportunities for everyone to get active, stay active and achieve more. We do that through our network of over 30 locations including 15 gyms, 10 swimming venues, 141 sports pitches, 37 tennis courts, 6 golf courses, 3 soft plays, a specialist gymnastics centre and one of the largest indoor climbing arenas in the entire world. Through that property portfolio our employees and partners deliver on a weekly basis over 700 fitness classes, expert lessons to around 15,000 coaching participants and countless supportive interactions to help our customers achieve their fitness goals.

The sustainability of such an extensive service model is determined by our ability to strike the right balance between operating costs and investments on the one side and operating income and the management fee from the City of Edinburgh Council (CEC) on the other. In the relatively recent past Edinburgh Leisure had been unable to balance that equation, with the year to March 2014 yielding an operating deficit of £418,000. Looking forward from that point many people foresaw increasing costs, intensifying competition and reductions in the management fee from CEC as components of a bleak future, potentially filled with multiple venue closures. The prospect of venue closures and service reductions was not the future we wanted. More of the same was not an option so we chose to do things differently and to do different things.

- Our purpose, vision and values directed all our activities
- We engaged with our people on the need for change, the need for improvement
- We set goals that were challenging and believable to our people
- We worked hard to deliver on agreed outcomes

### Financial review

Our Strategic Report from March 2014 reflected on a year of transition. One year on we reported on the resulting financial turnaround, moving from an operating deficit of £418,000 to a surplus of £505,000, with cash balances improved by almost £2m and reserves repaired to close to the Board's targeted level. At that time, we signalled our intention to move into a strong investment phase and at March 2016 we were able to report almost £3m of investments in our assets during that year, with all but £115,000 funded from our own cash balances.

Now that we have concluded the year to March 2017, the Board is delighted to report a continuation of that investment activity, with close to another £3m invested in assets across the city with our only borrowing being an interest free loan of £221,000. As in previous years we faced the environmental pressures of increasing competition, increasing costs and reducing funding from CEC, however, to have attempted to address those solely with cuts would have had only one inevitable outcome: ultimate withdrawal of services. Instead the strategy the business has followed has been to invest to improve our long-term sustainability.

Taking into account the trajectory of core CEC funding over recent years (14/15: £9,000,000, 15/16: £8,418,000, 16/17 £8,308,000), we started the year to March 2017 with the challenge of a break-even budget. Knowing that core CEC funding would reduce further in 17/18 (now confirmed as £8,075,000), we knew that we needed to continue to improve. The results of the investments, both in assets and in people, has contributed to a continuing improvement in the business' financial health and the Directors are very pleased to report a final underlying operational surplus (as detailed on page 5) for the year to March 2017 of £442,000.

At this point it's worth reflecting on what our improved operational performance has contributed to in terms of investments over the last couple of years:

- 2 full centre refurbishments (at Gracemount in 2015 and Drumbrae in 2016)
- 8 gym refurbishments (Craiglockhart, Drumbrae, Gracemount, Glenogle, Royal Commonwealth Pool, Portobello, Warrender and Dalry)
- 4 cycle studio refurbishments (Craiglockhart, Leith Victoria, Drumbrae and Royal Commonwealth Pool)
- 1 new climbing experience (Clip 'n Climb) at EICA
- 1 high performance water based hockey pitch at Meggetland
- 3 saunas at Dalry, Gracemount and Drumbrae

- 5 gymnastics facility investments at Tumbles, Kirkliston, Gracemount, Ainslie Park and Meadowbank
- 3 combined heat and power units, improving our environmental footprint at Leith Victoria, Portobello and Warrender
- Improved technological capabilities with a new website, new coaching software and enhanced Human Resource systems
- A host of other investments across our estate, proving our commitment to continue to improve the facilities for the people of Edinburgh

### **Other major achievements in 2016/17**

The operational surplus of £442,000 against a break-even budget is a macro financial evaluation of the effects of a significant amount of both long and short-term activity across our business. What lies beneath that headline is a myriad of other achievements, some of which we will mention here.

Drumbrae lifecycle refurbishment: In the summer of 2016 we embarked on a significant refresh and enhancement to our facilities at Drumbrae Leisure Centre. While the centre received an extensive refresh, we also took the opportunity to expand the gym, create a second fitness studio, put a sauna on poolside, create a state of the art cycling studio and implement our first 'easy access' entry system. The project was delivered on time and on budget to great customer acclaim and we now have a centre fit for purpose for years to come.

Clip 'n Climb: Clip 'n Climb completed its first full year after opening on Good Friday in March 2016 and that first year surpassed our expectations in income, user numbers and contribution to the continuing improvement in the financial health of the Edinburgh International Climbing Arena (EICA). Such has been the success of Clip 'n Climb that it opened up opportunities to make further investments in the EICA, with new transformational lighting installed in 2016 and destratification units installed on the ceiling of the arena in order to improve temperature and condensation levels in the winter months. More than a year on since the launch of Clip 'n Climb, the popularity of the activity amongst both children and adults remains very high and will doubtless support further investments in that very impressive venue.

Schools: In May 2016, CEC asked Edinburgh Leisure to take over the operation of their secondary schools sporting estate outside of curricular and extra curricular hours. Bringing Edinburgh Leisure's expertise to these facilities is seen as key to delivering net financial savings for the Council, increasing access to the Council's sporting estate for local people and clubs and generally increasing physical activity and sporting participation across the city. During the year to March 2017 Edinburgh Leisure worked closely with CEC's Communities and Families colleagues and began a phased handover, starting with the newly built James Gillespie's and Portobello High Schools. Edinburgh Leisure's motivation for accepting the invitation to partner is purely for the ultimate benefit of the people of Edinburgh. The agreements have been structured in such a way that all start-up costs and net financial gains are passed to CEC. However, as the project continues with further schools transferred to Edinburgh Leisure after year end, we are already seeing greater participation in the schools we now manage, therefore delivering on our charity's purpose *to make a positive difference to communities by creating opportunities for everyone to get active, stay active and achieve more.*

Healthy Working Lives: At the very heart of our business are our colleagues who live and breathe a love of physical activity. So, it was with immense pride that we received the Healthy Working Lives (HWL) Gold Award in March, in recognition of the number of initiatives we deliver to support employee wellbeing. The HWL reviewer's assessment concluded "There is a strong commitment to employee wellbeing in this organisation and overall this was an impressive assessment visit."

Royal Commonwealth Pool financial performance: We only have to look back to the year ended March 2014 to find when "The Commie" recorded a deficit of £500,000. Through the vision, drive and commitment of our colleagues in that flagship venue, the result to March 2017 was the delivery of a surplus at the same time as surpassing all key performance indicator targets. The contribution the RCP has made to the overall business transformation over that three-year period has been exceptional and worthy of special recognition in this report.

Active Communities: Aside from the core business of running CEC's sporting estate, Edinburgh Leisure invests time, resources and expertise in developing and delivering services to individuals and communities facing considerable health and social inequalities. We provide targeted projects that use physical activity and sport to improve, and in many cases transform, the lives of people affected by health conditions, disabilities, inequalities and poverty. We are proud to have helped 5,200 people to get active last year and the endorsements from so many of those people enthuse us to continue to make genuine, lasting positive impacts on the lives of our fellow citizens.



### Key performance indicators

In reviewing the performance of the business, the Directors consider the actual performance against target and history for various metrics including those identified below. Regular performance updates are communicated to the Board, the City of Edinburgh Council and published on the Edinburgh Leisure website (<https://www.edinburghleisure.co.uk/freedom-of-information/published-information>).

	<b>Actual</b>	Target	Actual
	<b>2017</b>	2017	2016
Income from operating activities (£000's)	<b>21,065</b>	20,103	20,274
Expenditure on operating activities (£000's)	<b>29,725</b>	28,868	28,489
Income received for the delivery of special projects	<b>695</b>	500	543
Customer visit numbers (000's)	<b>4,627</b>	4,560	4,564
Customer experience index	<b>8.63</b>	9.50	8.46
Customer accidents as a percentage of total visits	<b>0.0080 %</b>	n/a	0.0024 %
Staff absence levels	<b>3.17 %</b>	4.00 %	4.16 %

### Principal risks and uncertainties

**Funding income:** During the year to March 2017 the City of Edinburgh Council provided £8.3m (2016: £8.4m) of funding to Edinburgh Leisure for the delivery of core services. Funding for the year to March 2018 has been set at £8.1m with further reductions likely for 2018/19 and beyond as the Council continues to strive for improvements to its budget position. Edinburgh Leisure is engaging in regular dialogue with the Council regarding the potential impact of these future reductions.

**Political:** It is well documented that physical activity is a key enabler to improving societal outcomes. With the political landscape evolving through another UK general election in June 2017, another Scottish independence referendum possibly on the horizon and the uncertainty of Brexit and a post EU world, the political landscape is active and ever changing. What is not in doubt is the immense pressure experienced within the National Health Service and Social Care Services at a local and national level. The Directors remain focused on improving the core sustainability of the Edinburgh Leisure business model and if subsequent political changes result in greater focus on physical activity and the transformational health benefits it delivers, our business will be well placed to respond.

**Economic:** Recent economic moves have been more towards growth than contraction. As unemployment falls and consumer confidence returns it is reasonable to expect a loosening of the household grip on discretionary spending which is how physical activity has tended to be viewed. Edinburgh Leisure is positioned as an affordable, professional, good quality choice for customers across our service offerings such as fitness, aquatics, golf and sports coaching. As such the Directors believe the business is well placed to attract additional customers who wish to utilise their improved finances for a value for money, quality service.

**People attraction and retention:** As the economy continues to improve in Edinburgh it is becoming increasingly difficult to attract and retain quality staff at current remuneration packages. The Directors review salary increases annually to balance the need to control wage costs with the need to retain and attract quality staff in the Edinburgh job market. The business continues to invest in developing a great 'employee experience' and in learning and development opportunities for staff. Whilst the positive working environment and career development remains a strong incentive for quality people to work for Edinburgh Leisure, we cannot be complacent with regards to our rewards package.

**Competition:** We continue to operate in a very competitive city and sophisticated market, particularly in respect of our fitness offerings, but also across many other areas of our business. By investing in our facilities, developing our products and constantly tracking competitor activity and our own usage, membership and income metrics, we remain equipped to adjust our products and services in order to continue our success.

### Plans for future periods

We will continue to press on with urgency and a keen focus on the next challenges and opportunities.

During 2017/18 we will again be investing in our facilities, with Ainslie Park cycle studio having already been refurbished at the time of writing. Leith Victoria will receive its gym refurbishment in the summer and new automated irrigation will

be installed at our premier golf course at Braid Hills. Following the success at Drumbrae we will begin to roll out our easy access entry system to other venues, we will replace the soft play frame at EICA and make a host of other investments across our estate to improve our customer experience. Our phased implementation of the schools project will continue throughout 2017/18. We will continue to work up business cases from a variety of other ideas and where significant opportunities arise, we will continue to invest and continue to enhance our overall business sustainability.

A new and welcomed area of work for us is supporting people with dementia. Our Active Communities team have secured funding to support the independence and wellbeing of people living with dementia. The funding will enable people with early, early onset and mild to moderate dementia and their carers to confidently access Edinburgh Leisure activities and facilities.

Our commitment to providing a network of accessible, quality facilities throughout the city is at the heart of our recent work with colleagues in CEC to create investment plans for Hunters Hall / the Jack Kane Centre. The intention is to install new 3G pitches alongside an outdoor velodrome with significant works to refurbish the centre itself. CEC have requested that we take the lead role in delivering these improvements. At the time of writing, the full handover of the project to Edinburgh Leisure is yet to take place therefore the timing of the works are still to be determined. However, we expect the works to be completed before the end of 2018. A reserve of £250,000 has been designated in our Balance Sheet at March 2017 to support funding of this project.

It has long been recognised that Meadowbank Sports Centre, is coming to the end of its lifespan. Following approval by CEC through their budget process earlier in 2017, plans are being finalised for the closure of the old Meadowbank in preparation for a brand new facility to be created on the site. At this juncture, it is expected that Meadowbank will close in late 2017/early 2018, with the new modern facility open for business around two years later.

#### Net income for the year

The results for the year are shown on page 14. The deficit on unrestricted funds was £818,000. This however included non-cash accounting costs arising from the difference between the revenue account pension charge when calculated under FRS102 and the actual employer cash contributions made to the pension fund during the year. In addition, a transfer of £10,000 from restricted to unrestricted funds was also made in the year and £750,000 was transferred from designated funds which were earmarked for the Drumbrae lifecycle investment and subsequently utilised in the summer of 2016. As such, the underlying result for the year to 31 March 2017 was a surplus on unrestricted funds of £442,000. A summary of this is shown in the table below:

	2017	2016
	£'000	£'000
Reported (Deficit) / Surplus on Unrestricted Funds	(818)	(780)
Interest cost in relation to pension liability	96	334
Pension service costs	404	729
Transfer from unrestricted funds	10	10
Transfer from designated funds	750	-
Underlying Surplus	442	293

The actuarial loss on The Lothian Pension Fund of £8,351,000 (2016: gain of £8,621,000), which is included in the result for the year, does not impact Edinburgh Leisure's underlying activities.

It is important to note that this large year to year movement arising from the accounting treatment of the pension assets and liabilities is a result of the sizeable swing in the actuarial position which can fluctuate significantly in the short term and does not, in itself, impact on the company's contributions to the plan. The FRS102 valuation is based on a calculation of future net liabilities by applying bond yields to the plan assets, thereby calculating conservatively low asset values and hence high deficit levels. This valuation methodology gives rise to significantly fluctuating statutory deficits on a year to year basis, but does not affect the long-term funding status of the scheme. The fund is actually invested across a number of asset classes and so actual returns are greater over the long term, reducing the liability to manageable levels. The actuarial evaluation which takes place every three years calculates the company contributions required to meet the likely liabilities when they arise and the company continues to invest these recommended contribution rates into the pension scheme. For information, the latest triennial evaluation based on year end March 2014 recommended company contributions of 18.5% from 1st April 2017 and the current year's budget has been built on that basis. The next triennial evaluation will be performed this year, giving clarity to contribution rates for the next three years.

## Reserves policy

Total negative funds at March 2017 were £8,638,000, of which positive £388,000 was restricted. Unrestricted negative reserves of £9,026,000 include a negative reserve of £11,384,000 in respect of the pension deficit. £250,000 has been designated for use in lifecycle works as per Note 13 with the balance of unrestricted reserves being £2,108,000 which is not a free reserve as it is backed up by long term assets rather than exclusively cash reserves.

It is the intention of the Board to accumulate a reserve fund to allow the company some protection against future adverse events. The long-term strategy of the Board is to improve the sustainability of the business by reducing the reliance on external funding, recognising the financial challenges experienced by our largest external funder, the City of Edinburgh Council. As such the operating performance of the business over recent years has generated funds which have been utilised in the investment of fixed assets which are net income generating. It is the opinion of the Board that, all other things being equal, this strategy will move net current assets in a positive direction over the long term. Over the most recent three years, one can see from the table below that while net current liabilities at March 2017 are only slightly improved from March 2014, the net book value of our tangible fixed assets has improved by almost £1.5m, allowing us greater ability to drive year on year operational performance improvements.

	2017	2016	2015	2014
	£'000	£'000	£'000	£'000
Unrestricted current assets	1,576	1,667	1,688	958
Current liabilities	(4,127)	(3,488)	(3,574)	(3,611)
Net unrestricted current liabilities	(2,551)	(1,821)	(1,886)	(2,653)
Unrestricted tangible fixed assets	5,329	4,844	4,199	3,902

The liquidity of the business is positive throughout the year due to the timing of cash flows, reducing as we approach each financial year end. Recent history has shown that significant adverse events can impact the business to a value of up to £500,000, particularly during the winter months. The reserves policy agreed by the Board is therefore to maintain free cash balances in excess of £500,000 throughout the year, with the ability to utilise those cash balances towards the end of March as the risk of significant adverse conditions diminishes. This minimum cash holding was met for the year to March 2017 with a year-end cash balance of £865K. The reserves policy is reviewed by the Board annually.

## Employees

The company maintains a policy of regularly providing all employees and, where represented, trade unions (via the Joint Negotiations & Consultative Committee) with information on the company's performance. It is the company's policy to give full consideration to applications for employment from people with disabilities. All disabled persons employed by the company have the opportunity for training, development and career progression.

## Thanks to our supporters

As a charity, every penny spent by customers with Edinburgh Leisure is used to create opportunities for everyone in the city to live active, healthy lives. Our fundraising activities secure additional monies that enable us to do so much more. Our Active Communities Programme lends a helping hand to those that need a little extra support to get active and protect their health and wellbeing. Thanks to the generosity of our donors and supporters we are able to use the power of physical activity and sport to improve local lives affected by health conditions, poverty, inequalities and disabilities.

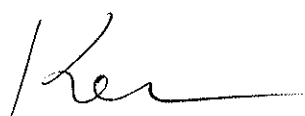
We are grateful to all our supporters in 2016/17, including the following partners:

<b>Belmont Group</b>	<b>Black &amp; Lizars</b>	<b>CALA Homes</b>	<b>The City of Edinburgh Council</b>
<b>Direct Partners</b>	<b>Dr Guthrie's Association</b>	<b>Drummond Education</b>	<b>EAE</b>
<b>Edinburgh Airport Community Board</b>	<b>Edinburgh Community Solar Co-operative</b>	<b>EVOG</b>	<b>Fitness Training Scotland</b>
<b>Home Energy Scotland</b>	<b>John Kirkhope Young Endowment Fund</b>	<b>Life Fitness</b>	<b>Lothian Region Swimming Committee</b>
<b>Macmillan Cancer Support</b>	<b>Nancie Massey Charitable Fund</b>	<b>NHS Lothian</b>	<b>Optimal Health Chiropractic</b>
<b>Physical Company</b>	<b>SASA East District</b>	<b>Skills Development Scotland</b>	<b>RSBP</b>
<b>Sainsbury's at Cameron Toll</b>	<b>Scottish Bakers</b>	<b>Scottish Swimming</b>	<b>sportscotland</b>
<b>Speedo</b>	<b>Souter Charitable Trust</b>	<b>State Street Foundation</b>	<b>StreetGames</b>
<b>Sustrans</b>	<b>The Maple Trust</b>	<b>The Souter Charitable Trust</b>	<b>The WM Mann Foundation</b>
<b>Spirit of 2012 in partnership with Scottish Government's Legacy 2014 Physical Activity Fund</b>			

## In closing

The last few years have been challenging, exciting and ultimately successful for our business. Through countless customer surveys our Net Promoter Score (a measure of whether our customers would recommend us) stands at 52, 10 points up against the previous year and 7 points up on the industry average. The message comes through again and again that customers value our "friendly, helpful" employees. Through their actions our colleagues demonstrate their enthusiasm every day to help the people of Edinburgh to improve their lives. We thank our colleagues, our partners and our customers for the success we have so far delivered.

We know that competitors will not stand still. Inflationary pressures will be exerted on our cost base. Local government funding will continue to be challenged. Customer expectations will continue to evolve. However, we will continue to partner with CEC on major infrastructure projects, we will continue to develop our staff and we will continue to invest in our facilities. Through it all we will continue our commitment to the communities of our capital city to provide among the best customer experiences in our industry. We stand with our customers and together we will work towards a healthier Scotland for today, tomorrow and for generations to come.



**Kevin J Johnston FCMA**  
Company Secretary

26 June 2017

## Directors' report

The Directors of the company are pleased to present their annual report and the audited financial statements for the year ended 31 March 2017.

### Reference and administration information

The Directors who currently hold office are as follows:

<b>Directors</b>	David Milne (Chair) Councillor Karen Doran Councillor Graeme Bruce Councillor Kate Campbell Councillor Alexander Staniforth Dr Colin Mumford Scott Haldane John Taylor Jackie Moran Ken Goodlad Douglas McKenzie Jestyn Davies Colin McMillan	(appointed 25 May 2017) (appointed 25 May 2017) (appointed 25 May 2017) (appointed 24 May 2017)
<b>Chief Executive</b>	June Peebles	
<b>Secretary</b>	Kevin Johnston	
<b>Registered office</b>	Vantage Point 3 Cultins Road Edinburgh EH11 4DF	
<b>Auditor</b>	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD	
<b>Solicitors</b>	Harper Macleod LLP 8 Melville Street Edinburgh EH3 7NS	
<b>Bankers</b>	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2YB	Barclays Quay 2, Fountainbridge Edinburgh EH3 9QG
<b>Charity number</b>	SC027450	
<b>Company number</b>	SC179259	

## Edinburgh Leisure's purpose

Edinburgh Leisure exists to make a positive difference to communities by creating opportunities for everyone to get active, stay active and achieve more. Arguably, physical inactivity is one of the biggest problems we face in modern society due to its negative impact on health and wellbeing. Exercise can reduce risk of major illnesses, such as heart disease, stroke, diabetes and cancer by up to 50% and lower risk of early death by up to 30%. This means that if exercise were a pill it would be one of the most cost-effective drugs ever invented. Edinburgh Leisure is committed to a vision of inspiring Edinburgh to be a more active and healthy City.

## Structure, Governance and Management

### Charitable status

Edinburgh Leisure is a company limited by guarantee, governed by its memorandum and articles of association, and does not have a share capital. Each member has undertaken to contribute an amount not exceeding one pound towards any deficit arising in the event of the company being wound up. The company has charitable status under Section 505 of the Income and Corporation Taxes Act 1988 and the Scottish Charity Number is SC 027450.

### Directors

Edinburgh Leisure's Board comprises a maximum of fifteen Directors. Seven are co-opted from business, the leisure industry, and the professions. One is nominated from ClubSportEdinburgh, one is a nominated union representative and five are nominated elected members of the City of Edinburgh Council. There is also one Director specifically appointed to represent users. The seven co-opted members and the one user representative are appointed for a period of three years.

The following Directors served during the year:

David Milne	
Councillor Karen Doran	
Dr Colin Mumford	
Scott Haldane	
Jackie Moran	
Ken Goodlad	
Douglas McKenzie	
Jestyn Davies	
Colin McMillan	(appointed 5 December 2016)
Gillian Messenger	(resigned 31 October 2016)
Helen Murray	(resigned 28 November 2016)
Councillor Jeremy Balfour	(resigned 18 April 2017)
Councillor Ronald Cairns	(resigned 3 May 2017)
Councillor Richard Lewis	(resigned 5 May 2017)
Councillor Charles Booth	(resigned 25 May 2017)
Agnes Petkevicius	(resigned 25 May 2017)

### Policies and procedures for induction and training of Directors

An induction process is in place for new Directors. This covers the strategic and operational issues affecting the company. Processes are in place to provide feedback to Directors on their contributions and to identify on-going training needs. Actions are taken as required.

### Pay and remuneration of the charity's key management personnel

At least every three years, an external consultant is engaged to benchmark salaries against other leisure trusts, similar sized organisations in Edinburgh and UK wide charities, their findings and recommendations then being presented to Edinburgh Leisure's Remuneration Committee. To aid their determination, the Remuneration Committee have available the pay recommendations for the rest of the company and may choose to mirror the wider company award, although flexibility exists to implement differing pay awards if deemed necessary. The Remuneration Committee present their recommendations for discussion to the Board with key management not permitted to be present for these discussions.

### Organisation Structure

The Board of Directors meets every two months with Directors and senior management present. Decisions are taken to set the overall strategy for the business as well as to monitor its activities. Senior management are charged with the task of implementing these decisions.

## Objectives and activities

### Principal activity

The principal activity of the company is the provision of recreation and leisure facilities on behalf of The City of Edinburgh Council in accordance with the following charitable objectives to:

- Provide or assist in the provision of facilities for recreation or other leisure time occupation in the interests of social welfare for the general public and in particular in connection with the local authority area of The City of Edinburgh as defined in the Local Government etc. (Scotland) Act 1994 with the object of improving the conditions of life for the Community;
- Provide facilities for persons who by reason of their youth, infirmity or disability, poverty or social and economic circumstances may need special facilities; and
- Promote good health among the Community through health education directed to the part which healthy eating and standards of nutrition together with exercise play in the maintenance of good health.

### Disclosure of information to the Auditors

So far as each Director is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken the appropriate steps as a Director to make themselves aware of such information and to establish that the auditors are aware of it.

Approved by the Board of Directors and signed on its behalf by:



**David Milne**  
Chairman

26 June 2017

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company and Charity law requires the Directors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company and charity law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006 and Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.



## **Independent auditor's report to the Directors and Members of Edinburgh Leisure**

We have audited the financial statements of Edinburgh Leisure for the year ended 31 March 2017 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Directors and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's Directors and members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Directors and Members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditor**

As explained more fully in the statement of Directors' responsibilities, the Directors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017 and of the charity's incoming resources and application of resources, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report, which includes the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements and the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the strategic report and Directors' report.

**Independent auditor's report to the Directors and members of Edinburgh Leisure  
(continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

27 June 2017

**Martin Gill** (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Edinburgh  
Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Statement of financial activities (incorporating an income and expenditure account and statement of recognised gains and losses)

*For the year ended 31 March 2017*

	Note	Unrestricted Fund £'000	Restricted Fund £'000	Total 2017 £'000	Total 2016 £'000
<b>Income</b>					
Investment income	6	34	-	34	80
<i>Income from charitable activities</i>					
Provision of leisure facilities		21,065	695	21,760	20,817
Contract with City of Edinburgh Council		8,308	165	8,473	8,583
<b>Total income</b>	2	29,407	860	30,267	29,480
<b>Expenditure</b>					
Charitable activities					
Provision of leisure facilities	3	29,725	986	30,711	29,941
Interest cost in relation to pension liability	18	96	-	96	334
Pension service costs	18	404	-	404	729
<b>Total expenditure</b>		30,225	986	31,211	31,004
Net movement in funds for the year before other recognised gains and losses		(818)	(126)	(944)	(1,524)
<b>Other recognised gains and losses</b>					
Actuarial (loss)/gain on Lothian Pension Fund	18	(8,351)	-	(8,351)	8,621
<b>Net movement in funds (after actuarial loss on pension scheme)</b>		(9,169)	(126)	(9,295)	7,097
Transfers between funds	14	10	(10)	-	-
<b>Net movement in funds</b>		(9,159)	(136)	(9,295)	7,097
<b>Fund balances brought forward at 1 April 2016</b>		133	524	657	(6,440)
<b>Fund balances carried forward at 31 March 2017</b>		(9,026)	388	(8,638)	657

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

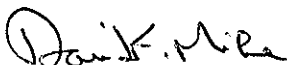
## Balance Sheet

Company Number: SC179259  
At 31 March 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Fixed assets</b>					
Tangible assets	7		5,439		4,964
Investments	8		-		-
			<u>5,439</u>		<u>4,964</u>
<b>Current assets</b>					
Stocks	9	116		96	
Debtors	10	873		615	
Cash in hand		865		1,360	
		<u>1,854</u>		<u>2,071</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due in one year	11	(4,127)		(3,488)	
<b>Net current liabilities</b>			<u>(2,273)</u>		<u>(1,417)</u>
<b>Total assets less current liabilities</b>			<u>3,166</u>		<u>3,547</u>
<b>Long term liabilities</b>					
Creditors : amounts falling due in more than one year	12		(420)		(357)
<b>Net assets excluding pension deficit</b>			<u>2,746</u>		<u>3,190</u>
Pension deficit	18		(11,384)		(2,533)
<b>Net (liabilities)/assets including pension deficit</b>			<u>(8,638)</u>		<u>657</u>
<b>Funds</b>					
Unrestricted funds		2,108		1,916	
Designated reserves	13	250		750	
Pension reserve	18	(11,384)		(2,533)	
			<u>(9,026)</u>		133
Restricted funds	14		<u>388</u>		<u>524</u>
<b>Total funds</b>			<u>(8,638)</u>		<u>657</u>

The notes at pages 17 to 31 form part of these accounts.

The financial statements were approved and authorised for issue by the Board on 26 June 2017 and signed on its behalf by:



**David Milne**  
Chairman

**Cash flow statement**  
*for the year ended 31 March 2017*

	2017	2016
	£'000	£'000
<b>Net (expenditure)/income for the reporting period</b>	<b>(944)</b>	<b>(1,524)</b>
<b>Adjustments for:</b>		
Depreciation charges	1,106	1,098
Pension adjustment	404	729
Interest paid	111	351
Interest received	(34)	(80)
(Increase)/decrease in stock	(20)	16
(Increase)/decrease in debtors	(258)	306
Increase/(decrease) in creditors	496	(105)
Gain on disposal of fixed assets	(27)	(39)
<b>Net cash provided by/(used in) operating activities</b>	<b>834</b>	<b>752</b>
<b>Cash flows from investing activities</b>		
Interest received	34	80
Purchase of PPE	(1,434)	(1,635)
Finance lease interest paid	(15)	(17)
Proceeds from sale of fixed assets	50	56
<b>Net cash provided by/(used in) investing activities</b>	<b>(1,365)</b>	<b>(1,516)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance leases	(151)	(163)
New loans entered into	221	-
Repayment of loans	(34)	34
<b>Net cash provided by/(used in) financing activities</b>	<b>36</b>	<b>(129)</b>
<b>Change in cash and equivalents in the reporting period</b>	<b>(495)</b>	<b>(893)</b>
<b>Cash and cash equivalent at the beginning of the reporting period</b>	<b>1,360</b>	<b>2,253</b>
<b>Cash and cash equivalent at the end of reporting period</b>	<b>865</b>	<b>1,360</b>

## Notes to the financial statements

(forming part of the financial statements)

### 1 Accounting policies

Edinburgh Leisure is a company incorporated in Scotland under the Companies Act. The address of the registered office is on page 8. Edinburgh Leisure constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with FRS102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires the Charity to exercise judgment in applying the entity accounting policies (see Note 1m).

#### 1a Basis of accounting

The financial statements have been prepared under the historical cost basis of accounting and in accordance with applicable accounting standards. The financial statements are set out so as to comply with the Statement of Recommended Practice: Accounting and Reporting by Charities approved by the Accounting Standards Board in 2015, the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

The company's functional and presentational currency is GBP. Figures are presented rounded to the nearest £1,000.

The financial statements have been prepared on a going concern basis. Edinburgh Leisure has a contract to manage leisure facilities on behalf of the City of Edinburgh Council; although the contract is on-going, the financial terms relating to the contract are settled annually in conjunction with the Council's budgeting process. A six month notice period applies to the contract. In the opinion of the Directors there is no risk that funding will be withdrawn in the foreseeable future and as such the financial statements are prepared on a going concern basis.

These financial statements present information about the company as an individual undertaking, and not about its group, by virtue of s402 of the Companies Act 2006.

#### 1b Funds

Funds are classified as either restricted funds or unrestricted funds, defined as follows:

*Restricted funds* are funds subject to specific trusts, which may be declared by the donor or with their authority. Some are restricted income funds expendable at the discretion of the Board in furtherance of a particular activity, such as funds raised for particular client groups or activities. Others are capital funds where the assets are required to be invested for long term use.

*Unrestricted funds* are expendable at the discretion of the Board in furtherance of the objectives of Edinburgh Leisure. If part of the unrestricted funds is earmarked at the discretion of the Board for a particular project it is designated as a separate fund. This designation has an administrative purpose only, and does not legally restrict the Board's discretion to apply the fund.

#### 1c Income

*Activities for generating income* are accounted for on an accruals basis.

*Income from the City of Edinburgh Council* is accounted for on an accruals basis and is agreed in advance based on the level of service provided.

*Investment Income* is accounted for on an accruals basis.

*Capital Grants received* are accounted for on an accruals basis. If a functional fixed asset is acquired in full or in part from the proceeds of a grant it is included in the balance sheet at its full acquisition cost, with the relevant grant being recognised as income and held in restricted funds. Depreciation is then allocated to this fund over the useful life of the related asset.

**Notes to the financial statements** *(continued)***1 Accounting policies** *(continued)***1d Expenditure**

All expenditure is accounted for on an accruals basis. Governance costs are included in the costs of providing service and relate to the expenditure on the Directors including meetings, if any, and for the company's obligation for audit as a charity. Support costs are included within the costs of providing service in note 3.

**1e Leased assets: lessee**

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

Assets held under finance leases are capitalised in the balance sheet and depreciated over their useful lives. The interest element of leasing payments is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding.

**1f Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward for future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

**1g Stocks**

Stocks of materials and consumables are stated at the lower of cost and net realisable value in the ordinary course of operating.

**1h Tangible fixed assets**

Assets are held at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, generally as follows:

Freehold land and buildings	up to 50 years
Leasehold improvements	5 years – 25 years
Plant and equipment	3 to 10 years
Motor vehicles	4 years
Furniture and fittings	5 years
Computer equipment	3 to 5 years
Finance Leases	over the term of the lease

The assets are reviewed annually for impairment. Assets purchased during the year with a value of £1,000 or more are reviewed for capitalisation.

**1i Taxation**

As a charity, the group is exempt from income tax by virtue of Section 505(1) Income and Corporation Taxes Act 1988 and from capital gains tax by virtue of Section 145 Capital Gains Tax Act 1979.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### 1j Pensions

Edinburgh Leisure is a member of the Lothian Pension Fund, a Local Government Pension Scheme, which provides benefits based on final salary for periods before 1<sup>st</sup> April 2015 and career average salary after that date. The scheme closed to new entrants as at 1<sup>st</sup> April 2008.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date out of which the obligations are to be settled. The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate'). The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Activities. These amounts together with the return on plan assets are disclosed as 'Actuarial gain/(loss) on Lothian Pension Fund'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Statement of Financial Activities as 'Interest cost in relation to pension liability'.

All new employees, and those employees not currently members of the Lothian Pension Fund, are able to participate in a defined contribution scheme. Under this scheme, employees can choose how much they contribute to the scheme. Edinburgh Leisure matches the employees' contributions, up to a maximum of 8%.

#### 1k Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.



## Notes to the financial statements *(continued)*

### **I Accounting policies *(continued)***

#### **II Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans with related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **III Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing the financial statements the Directors have made the following judgements:

- Determining whether there are indicators of impairment of the charity's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determining whether the assumptions set by the Directors over the defined benefit pension scheme are reasonable.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see Note 7). Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing assets lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Defined benefit pension scheme (see Note 18). The actuary values the pension scheme in line with assumptions set by the Directors. The actual performance is unlikely to be in line with the actuarial valuation as a result of the valuation being based upon assumptions on future unpredictable events such as return on assets and mortality rates.

## Notes to the financial statements *(continued)*

### 2 Income

Income from investments was £34,000 (2016: £80,000), of which the entire balance was unrestricted for both periods.

Income from the provision of leisure facilities was £21,760,000 (2016: £20,817,000), of which £21,065,000 (2016: £20,274,000) was unrestricted and £695,000 (2016: £543,000) was restricted.

Income from the contract with City of Edinburgh Council was £8,473,000 (2016: £8,583,000), of which £8,308,000 (2016: £8,418,000) was unrestricted and £165,000 (2016: £165,000) was restricted.

### 3 Costs of providing service

	Unrestricted Fund £'000	Restricted Fund £'000	Total 2017 £'000	Total 2016 £'000
Wages and salaries	14,516	571	15,087	14,410
Social security costs	1,033	45	1,078	917
Employer pension contributions	1,051	26	1,077	1,081
Payments to self-employed coaches	1,124	21	1,145	1,246
Property costs	5,176	166	5,342	5,056
Supplies and services	5,498	157	5,655	5,939
Rental charges under operating leases	207	-	207	192
Depreciation	1,106	-	1,106	1,098
Finance lease costs	15	-	15	17
Governance costs	26	-	26	24
Gain on disposal of fixed assets	(27)	-	(27)	(39)
	<b>29,725</b>	<b>986</b>	<b>30,711</b>	<b>29,941</b>

The costs of providing services during 2016 were comprised of £28,489,000 in relation to unrestricted funds and £1,452,000 in relation to restricted funds.

### 4 Governance costs

	2017 £'000	2016 £'000
Audit fees	21	19
Directors and Officers Indemnity Insurance	5	5
	<b>26</b>	<b>24</b>

## Notes to the financial statements *(continued)*

### 5 Staff numbers and costs

The remuneration and associated costs of the company were:

	2017	2016
	£'000	£'000
Wages and salaries	15,087	14,410
Social security costs	1,078	917
Pension costs	1,077	1,081
Pension adjustment	404	729
	17,646	17,137
	17,646	17,137

Included within staff costs was £322 for redundancy costs (2016: nil). Costs for any redundancies are recognised when the liability is confirmed and are paid through normal payroll mechanisms. There were no balances outstanding (2016: nil) as at the Balance Sheet date.

Employees receiving salaries, plus benefits in kind, of more than £60,000 were in the following bands:

	2017	2016
	Number	Number
£90,000 - £100,000	1	1
£60,000 - £70,000	3	2

The total contributions to defined benefit pension schemes for the staff within the above bands is £27,797 (2016: £26,603) and to defined contribution pension schemes is £5,351 (2016: £365).

No member of the Board received remuneration from Edinburgh Leisure other than Directors indemnity insurance and travel expenses claimed by one Board member 2017: £1,176 (2016: £1,368).

The average monthly full-time equivalent number of employees of the company during the year was:

	Number	Number
Dry facilities	258	248
Wet centres	286	276
Golf courses	43	45
Administration and support	131	131
	718	700
	718	700

## Notes to the financial statements *(continued)*

### 5 Staff numbers and costs *(continued)*

The average monthly headcount number of employees of the company during the year was:

	2017	2016
	Number	Number
Dry facilities	384	355
Wet centres	399	370
Golf courses	47	49
Administration and support	144	142
	<u>974</u>	<u>916</u>

### 6 Investment income

	2017	2016
	£'000	£'000
Bank and other interest	34	80
	<u>34</u>	<u>80</u>

### 7 Tangible fixed assets

	Freehold Buildings	Leasehold Impmt's	Plant & Equipmt.	Motor Vehicle	Furniture & fittings	Computer Equipment	Finance Leases	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost</i>								
At beginning of year	539	6,356	2,693	163	445	797	1,011	12,004
Additions	-	463	864	9	104	164	-	1,604
Disposals	-	(53)	(206)	-	(3)	(11)	(142)	(415)
At end of year	<u>539</u>	<u>6,766</u>	<u>3,351</u>	<u>172</u>	<u>546</u>	<u>950</u>	<u>869</u>	<u>13,193</u>
<i>Depreciation</i>								
At beginning of year	142	4,019	1,296	151	344	382	706	7,040
Charge	21	374	407	5	39	124	136	1,106
Disposals	-	(53)	(200)	-	(3)	(9)	(127)	(392)
At end of year	<u>163</u>	<u>4,340</u>	<u>1,503</u>	<u>156</u>	<u>380</u>	<u>497</u>	<u>715</u>	<u>7,754</u>
<i>Net book value</i>								
At 31 March 2017	<u>376</u>	<u>2,426</u>	<u>1,848</u>	<u>16</u>	<u>166</u>	<u>453</u>	<u>154</u>	<u>5,439</u>
At 31 March 2016	397	2,337	1,397	12	101	415	305	4,964

## Notes to the financial statements (continued)

### 8 Fixed asset investments

	2017	2016
	£'000	£'000
Investment in subsidiary undertaking	-	-

The company owns 100% of the ordinary share capital of Edinburgh Leisure Two Limited, a company registered in Scotland. The value of the investment is £2 (2016: £2). This company did not trade in the year.

### 9 Stocks

	2017	2016
	£'000	£'000
Stocks	116	96

### 10 Debtors

	2017	2016
	£'000	£'000
Trade debtors	265	283
City of Edinburgh Council	188	49
Other Debtors	14	74
Prepayments and accrued income	406	209
	873	615

### 11 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	629	317
Pension creditor – City of Edinburgh Council	99	104
Due to City of Edinburgh Council	484	581
Social security costs and other taxes	336	264
Other creditors and accruals	2,438	2,041
Finance leases	74	152
Other loans	67	29
	4,127	3,488

## Notes to the financial statements (continued)

### 11 Creditors: amounts falling due within one year (continued)

Included in other creditors and accruals above are amounts of deferred income as follows:

	2017	2016
	£'000	£'000
Balance at start of year	981	749
Transfers out	(981)	(749)
Transfers in	1,081	981
<b>Balance at end of year</b>	<b>1,081</b>	<b>981</b>

### 12 Creditors: amounts falling due after more than one year

	2017	2016
	£'000	£'000
Finance leases	81	154
Other creditors and accruals	69	82
Other loans	270	121
	<b>420</b>	<b>357</b>

The maturity of obligations under finance leases is as follows:

	2017	2016
	£'000	£'000
Within one year	74	152
Within one to two years	43	73
Within two to five years	38	81
	<b>155</b>	<b>306</b>

The obligations under finance leases are secured over the assets to which they relate.

## Notes to the financial statements (continued)

### 13 Designated reserve

	<b>Total</b> <b>£'000</b>
Balance as at 1 April 2016	750
Income	-
Expenditure	(750)
Transfer from Unrestricted Funds	250
<b>Balance at 31 March 2017</b>	<b>250</b>

The designated reserve has been created in order to ringfence funding towards lifecycle refurbishment activity expected to take place before 2019.

### 14 Restricted funds

	<b>Maintenance</b>	<b>Other</b>	<b>EICA</b>	<b>Schools</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance as at 1 April 2016	-	404	120	-	524
Income	165	596	-	99	860
Expenditure	(165)	(722)	-	(99)	(986)
Transfer to Unrestricted Funds	-	-	(10)	-	(10)
<b>Balance at 31 March 2017</b>	<b>-</b>	<b>278</b>	<b>110</b>	<b>-</b>	<b>388</b>

The *Maintenance* reserve represents money paid from the City of Edinburgh Council to Edinburgh Leisure specifically for the purpose of carrying out capital upgrading works.

The *Other* reserve represents a number of funds received from external organisations for specific purposes.

The *EICA* reserve represents grant funding received from Scottish Enterprise – Edinburgh and Lothians (SEEL) for the installation of a new climbing wall at the Edinburgh International Climbing Arena. A transfer is made to partially offset the depreciation charge on the full cost of the relevant asset.

During the year, the company began a phased process to take over the operation of the secondary school sporting estate of City of Edinburgh Council (CEC) outside of core school hours. All income and expenditure is restricted with any surpluses being returned to CEC and any deficits being refunded by CEC.

A requirement exists to ring fence any surplus made from the operation of Queensferry High Recreation Centre. Any deficits are funded by Edinburgh Leisure from unrestricted reserves. To date the facility has generated a net deficit of £154,000 (2016: £162,000).

Sufficient resources are held to enable each fund to be applied in accordance with any restrictions.

## Notes to the financial statements (continued)

### 15 Analysis of net assets between funds

	Unrestricted Fund	Restricted Fund	Total 2017	Total 2016
	£'000	£'000	£'000	£'000
<b>Fund balances at 31 March 2017 are represented by:</b>				
Tangible fixed assets	5,329	110	5,439	4,964
Current assets	1,576	278	1,854	2,071
Current liabilities	(4,127)	-	(4,127)	(3,488)
Long term liabilities	(420)	-	(420)	(357)
Pension deficit	(11,384)	-	(11,384)	(2,533)
<b>Total net assets</b>	<b>(9,026)</b>	<b>388</b>	<b>(8,638)</b>	<b>657</b>

In the year ended March 2016, £120,000 of tangible fixed assets and £404,000 of current assets were restricted with all other amounts being unrestricted.

### 16 Financial instruments

	2017	2016
	£'000	£'000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>1,332</b>	1,766
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>3,130</b>	2,600

Financial assets that are debt instruments measured at amortised cost include trade debtors, cash in hand, amounts due from City of Edinburgh Council and other debtors.

Financial liabilities measured at amortised cost include trade creditors, amounts due to City of Edinburgh Council, accruals, finance lease creditor, other loans and other creditors.



## Notes to the financial statements (continued)

### 17 Commitments

*Total commitments under non-cancellable operating leases are as follows:*

	2017	2016
	<b>Total</b>	Total
	<b>£'000</b>	£'000
No later than 1 year	<b>334</b>	335
Later than 1 year and no later than 5 years	<b>516</b>	586
Total	<b>850</b>	921

The company had capital commitments totalling £5,200 as at 31 March 2017 (2016: nil).

### 18 Pension scheme

Certain employees of the company are members of Lothian Pension Fund. In the financial year to 31 March 2017 the employer contribution rate was 18.0%. The most recent actuarial valuation (31 March 2017) showed that the market value of Edinburgh Leisure's notional share of the scheme's assets was £69,525,000 and that the actuarial value for these assets represents 86% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the Directors on the advice of the actuaries. In the intervening years the actuaries review the progress of the scheme and prepare an interim valuation for the purposes of reporting under FRS 102, section 28: Employee Benefits. The value of the fund at 31 March 2017 was as follows:

*Actuarial valuation*

	2017	2016
	<b>£'000</b>	£'000
Present value of funded liabilities	<b>(80,899)</b>	(59,206)
Present value of unfunded liabilities	<b>(10)</b>	(9)
Fair value of employer assets	<b>69,525</b>	56,682
Net liability	<b>(11,384)</b>	(2,533)

## Notes to the financial statements (continued)

### 18 Pension Scheme (continued)

*Movement in present value of defined obligation*

	2017	2016
	£'000	£'000
At start of year	59,215	64,011
Current service cost	1,338	1,696
Past service cost	-	11
Interest cost	2,079	2,061
Contribution by members	314	331
Actuarial losses/(gains)	19,180	(7,684)
Losses on curtailments	-	-
Benefits paid	(1,216)	(1,210)
Unfunded benefits paid	(1)	(1)
<b>At end of year</b>	<b>80,909</b>	<b>59,215</b>

*Movement in fair value of employer assets*

	2017	2016
	£'000	£'000
At start of year	56,682	53,920
Interest income on plan assets	1,983	1,727
Contributions by members	314	331
Contributions by the employer	933	977
Contributions in respect of unfunded benefits	1	1
Return on assets excluding amounts included in net interest	10,829	937
Benefits paid	(1,216)	(1,210)
Unfunded benefits paid	(1)	(1)
<b>At end of year</b>	<b>69,525</b>	<b>56,682</b>

## Notes to the financial statements (continued)

### 18 Pension Scheme (continued)

*Income / (expense) recognised in the statement of financial activities*

	2017	2016
	£'000	£'000
Current service cost	(1,338)	(1,696)
Past service cost	-	(11)
Interest cost	(96)	(334)
Actuarial (loss)/gain on Lothian Pension Fund	(8,351)	8,621
<b>At end of year</b>	<b>(9,785)</b>	<b>6,580</b>

The total amount recognised in the statement of financial activities in respect of actuarial gains and losses is a loss of £8,351,000 (2016: £8,621,000 gain), calculated as follows:

	2017	2016
	£'000	£'000
Actuarial (loss)/gain on movement in present value of defined benefit obligation	(19,180)	7,684
Actuarial gain on movement in fair value of employer assets	10,829	937
<b>Actuarial (loss)/gain on Lothian Pension Fund during year</b>	<b>(8,351)</b>	<b>8,621</b>

*Fair value of employer assets and return on those assets*

	Value	Value
	2017	2016
	£'000	£'000
Equities	46,581	37,977
Bonds	15,991	11,337
Property	4,867	5,101
Cash	2,086	2,267
Company's share of scheme assets	<b>69,525</b>	<b>56,682</b>

The expected rates of return on plan assets are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the Plan's investment portfolio.

## Notes to the financial statements (continued)

### 18 Pension Scheme (continued)

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2017	2016
	%	%
Inflation/pension increase rate	2.4%	2.2%
Salary increase rate	4.4%	4.2%
Discount rate	2.6%	3.5%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date as based on standard actuarial marketing tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

	Males	Females
Current pensioners	22.1 years	23.7 years
Future pensioners	24.2 years	26.3 years

#### History of the Plan

The history of the plan for the current and prior periods is as follows:

	2017	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligation	(80,909)	(59,215)	(64,011)	(53,447)	(48,082)
Fair value of employer assets	69,525	56,682	53,920	46,938	43,949
Deficit	(11,384)	(2,533)	(10,091)	(6,509)	(4,133)

The charity expects to contribute approximately £923,000 to its defined benefit scheme in the next financial year.

On 1<sup>st</sup> April 2008 Edinburgh Leisure closed its defined benefit scheme to new members. All new employees, and those employees not currently members of the Lothian Pension Fund, are able to participate in a defined contribution scheme. Under this scheme, employees can choose how much they contribute to the scheme. Edinburgh Leisure matches the employees' contributions, up to a maximum of 8%

### 19 Related Party

Edinburgh Leisure is contracted to provide recreation and leisure by the City of Edinburgh Council ("CEC"). In the year to 31 March 2017 CEC made a payment of £8,308,000 (2016: £8,418,000) to the company and leased the facilities occupied by the company for a peppercorn rent. At 31 March 2017 CEC owed the company £188,000 (2016: £49,000) and the company owed CEC £583,000 (2016: £685,000) (including amounts due to the Lothian Pension Fund) in relation to normal trading activities.

Key management personnel include all directors and a number of senior staff who together have responsibility for planning, directing and controlling the activities of the company. The total compensation paid for key management for services provided to the company in the year was £354,000 (2016: £339,000).