

**North Lanarkshire Leisure Limited  
(Company Limited by Guarantee)**

**Directors' report  
and financial statements  
for the year ended 31 March 2013**

Registered Number SC303391

Charity Number SC037439

# North Lanarkshire Leisure Ltd

## Directors' report and financial statements for the year ended 31 March 2013

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# North Lanarkshire Leisure Ltd

## Message from the Chairman

I'm delighted to present the seventh annual report for North Lanarkshire Leisure (NLL). Once again, there have been major initiatives and achievements for the company during 2012/13 which has helped to consolidate the pattern of success and continuous improvement, underlining the provision of best value services provided by North Lanarkshire Leisure on behalf of North Lanarkshire Council.

As demonstrated in this annual report and despite some very real challenges NLL's performance continues to grow, the results of which clearly speak for themselves with footfall increasing by 111% to 4.8m attendances since NLL was formed on the 16<sup>th</sup> September 2006 and customer income growing by 249% to £13.2m over the same period. This growth in these two key performance indicators represent some of the best growth statistics in the UK's sports charitable trust sector. In addition to this NLL's membership scheme has now increased to 38,873 members making Access NL the most successful membership scheme of its type in Scotland and amongst the best performing in the UK.

NLL's strategy of enhancement and improvement continued when the refurbished and extended Sir Matt Busby Sports Complex Gym re-opened in November 2012. This project also created additional studio space, which together with the new gym will help grow the Access NL membership within the centre. The health suite and lounge areas were also improved as these are important elements in retaining a loyal Access NL customer base at the site.

In addition, following a £2.1m investment which included £300,000 of National Lottery funding received from sportscotland and after a two and a half year closure, the Time Capsule ice rink re-opened on the 7<sup>th</sup> December 2012, with a spectacular weekend of celebrations. The facility has been very well received and particularly welcomed by a number of members of the North Lanarkshire Figure Skating Club, many of whom during the closure had to travel an additional 300 miles each week with early morning pre-school training sessions at ice rinks throughout Central Scotland.

Following a presentation of NLL's Social Return on Investment Report to the board of NHS Lanarkshire a joint NLL/NHS Lanarkshire project steering group has been established and as a result a number of innovative partnership projects have been put in place. At the same time a report has outlined the need to identify the pattern of national and local health inequalities in Scotland and local authority areas. As a result, the health projects are aimed at targeting those communities, groups or individuals that are most in need of support. The position regarding health inequalities within North Lanarkshire and the gap between rich and poor may be further exacerbated by the alterations to the benefit structure, which will reduce the amount of disposable income available to hard-up families for what is discretionary leisure spend. This may further widen the 'health inequalities' gap between those who can afford it and those who cannot. Under such circumstances, it will become increasingly more important that NLL and NLC continue to fund and source additional funding to support sports development, inclusion and diversion programmes aimed at securing equality of access to leisure services for those most in need of support. The social and economic returns of this approach has been clearly outlined in NLL's SROI report.

A few years ago, Scotland took the lead by producing the World's first physical activity strategy 'Lets get Scotland More Active' and this has been subsequently revised and updated by the production of the UK wide 'Start Active, Stay Active' physical activity strategy which has been endorsed by the four home country Chief Medical Officers (CMO). Scotlands' CMO, Sir Harry Burns has for some time identified 'Physical Activity' as being Public Health's 'Best Buy'. In addition to this, the new Single

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Outcome Agreement's between the Scottish Government and Community Planning Partnerships, such as the North Lanarkshire Partnership, has identified physical activity and health inequalities as one of six key themes that require to be addressed over the next few years. North Lanarkshire Leisure lead the way in this regard with the production of the first SROI report for the sector with many Scottish and UK trusts now following suit. What is clear is that there is a significant will within health to shift some of the balance of funding towards ill health prevention rather than treatment. As a result of this all medical schools will now train future doctors on the importance of physical activity and in addition to the fact that all GP's through their contracts will be required for the first time this year to screen their patients for and make recommendations about their physical activity levels. All of this will help to raise the importance of sport and physical activity at maintaining health and wellbeing levels and individual quality of life and collective quality of living in communities.

One of the greatest social concerns brought about by the poor current economic climate is the lack of opportunities for young people to enter the job market, even when qualified often being barred by lack of experience or on the job knowledge, therefore creating a vicious cycle barring them from gaining the necessary skills base. However at the same time, sport and leisure services remains an attractive career choice for many young people. I am delighted therefore that NLL is doing its part in helping to address this issue and has introduced a number of youth apprenticeship schemes, with the support of NLC and external funding NLL has also been one of the first sports trusts in Scotland to introduce a 'Graduate Training Programme' which has been very well received by both the participants and sponsoring organisations.

The events portfolio within North Lanarkshire continues to grow and develop and Ravenscraig has played host to European international volleyball and handball and also hosted live televised snooker and boxing and many other high profile regional and national competitions. Broadwood Stadium, Wishaw Sports Centre, the Tryst Sports Centre and from a swimming pool short-course point of view, Sir Matt Busby Sports Complex continue to play important roles as events venues, which all helps to put North Lanarkshire and NLL on the sporting map. In this regard, North Lanarkshire will host the first medal winning competition of the 20<sup>th</sup> Commonwealth Games held in Glasgow next year when on Thursday 24th July, Strathclyde Park will be the base for the mens and womens' triathlon, which will attract a global viewing audience of 1.5 billion viewers. North Lanarkshire will again be in the frame on Thursday the 31<sup>st</sup> July when the mens' and womens' cycling road race time trial enters the north of the authority. NLC has set up a Commonwealth Games working Group with Glasgow 2014 to help prepare for and ensure that North Lanarkshire gains as much benefit as possible from this major international sporting competition coming to the area and NLL will be heavily involved in the preparation for this and staging a number of supporting community sports events in the lead up to and during the games.

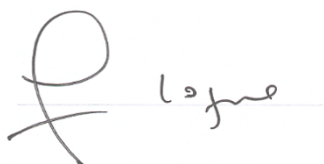
NLL also hosted the Games Legacy for Scotland event 'The Games' at Broadwood Stadium in October 2012 which attracted thousands of residents from the north of the authority to take part in a whole range of commonwealth and other sports, arts and cultural events to celebrate the games coming to Glasgow in 2014. North Lanarkshire Leisure also assisted in organising the Wishaw Games which is the largest pan-disability games in Scotland in partnership with the Wishaw Games Trust and Rotary International in September with the added benefit of the event having secured London 2012 Olympic 'Inspired status'. In addition to this, NLL assisted Scottish Athletics in the staging the National Cross Country Relay Championships and the clubsportnl Monklands half marathon and Cumbernauld 10k and associated races continue to grow from strength to strength. Ravenscraig hosted televised snooker and boxing and held a wide range of local, regional, national and international competitions, confirming the importance that this facility and its staff will play in

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growing and developing the events portfolio in the area. Local hotels and businesses are already gaining the benefits as the events as participants, spectators, coaches and officials are filling much needed bed nights for these businesses.

The significant levels of growth and development outlined in this annual report would, once again not have been possible without the invaluable contribution, through clear leadership, sound and transparent governance of NLL's Board of Directors who give freely of their time, energies and expertise in service to the communities, customers and strategic stakeholders the board represents. I would like to thank them for their continued professionalism, dedication, enthusiasm and commitment.

Finally I would like to commend NLL staff, senior management, very effectively led and managed by the Chief Executive. I would also like to thank all employees who are clearly fully committed to delivering excellence and customer focussed services, accompanied by clear outcomes and outputs.

A handwritten signature in black ink, appearing to read 'J. Logue', written over a horizontal line.

**James Logue**  
**Chairman**  
**North Lanarkshire Leisure Limited**

# North Lanarkshire Leisure Ltd

## Introduction from the Chief Executive

It is probably fair to say that 2012/13, although being another very successful year in terms of NLL's performance, partnerships and continuing to serve the sport, health and physical activity needs of the residents of North Lanarkshire, that this year also presented some major challenges in terms of preparing and planning for future reductions in the management fee which NLL receives from North Lanarkshire Council to balance the revenue expenditure budget along with customer income via growth.

From the analysis of the performance for 2012-13, income, usage and SPI levels continue to grow, in accordance with the recent substantial growth of the company and NLL, council and partner investment in new sports facilities at Broadwood, Ravenscraig, Lochview and finally with the Time Capsule becoming part of North Lanarkshire Leisure. The fact that two new major facilities, Ravenscraig and Broadwood Stadium Sports Facility have opened and become almost instantly successful and in the case of Ravenscraig without the planned delivery of a new town centre, shopping, housing and commercial sector that forms part of the long term vision. This substantial growth has not adversely impacted upon usage of other facilities in NLL's portfolio, clearly demonstrating that the demand for sport, health and wellbeing services in North Lanarkshire continues to outstrip supply.

Investment in the existing facilities, services, programmes, marketing, promotions and social media have also ensured substantial growth. New and extended gyms at Airdrie Leisure Centre, Sir Matt Busby Sports Complex and the reinstatement of the Time Capsule ice rink, the continuing success of the Access NL membership scheme, the introduction of direct debit for the learn to swim programme and the continued success of the group fitness scheme has also helped to maintain and grow sports participation, performance and physical activity levels in North Lanarkshire. The success of NLL since formation has been exemplary and as a result NLL is one of the best performing trusts in Scotland and the UK. This has been brought about by the professionalism, enthusiasm and dedication of the board of Directors, Management and staff in NLL in seeking to deliver the best possible services to the public we serve.

Absence levels show a decrease compared to the previous year, however there is the ever present need to continue to take a pro-active role in managing absence, particularly in light of the efficiency targets that have been set. The current uncertainty around proposed efficiency savings is likely to have a negative impact on attendance and staff morale levels.

The programme of activities and events continues to grow as the positive partnership working that is taking place between the trust, and other key partners is continuing to deliver more accessible and inclusive sport, physical activity and health opportunities throughout North Lanarkshire.

The extensive maintenance, refurbishment and realignment of the sports venues to meet changing customer demand continues to ensure the assets remain attractive and fit for purpose, funded from revenue maintenance, capital budgets and NLL Designated Fund. However the property maintenance demand will always outweigh the funds available, therefore the process requires careful management to balance outcomes, responsibility and business growth and development.

This success and increasing public appetite for sport, leisure and health promoting services is also bringing considerable challenges, since a number of facilities have reached capacity as can be seen by the individual gym memberships per site and the capacity of associated facilities such as

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changing rooms and car parking provision struggle to cope with this increased demand. The company has been carefully examining solutions for the capacity issues albeit within the resources available.

In national and local sports, health and physical activity policy and strategy there is an increasing focus on sport and physical activity to improve the health and wellbeing of the nation, tackle obesity and the plethora of degenerative diseases and illnesses brought about by inactivity and sedentary behaviours. The outstanding performance outlined in this report by NLL, of more than doubling attendance levels in seven years underscores the fact the residents of North Lanarkshire are becoming very pro-active. For the first time the new Single Outcome Agreements currently being produced will specifically mention, target and charge local authorities with increasing physical activity levels.

The service, sports clubs, groups and organisations benefited to the 'Olympic bounce' with a very successful London 2012 games in July last year. With the Glasgow Commonwealth Games next year and the Ryder Cup coming back to the home of golf in Scotland in 2014, this continues to be a once in a lifetime period for sport in Scotland and in the UK with the demand for our facilities and services will reach an all time high. Strathclyde Park in North Lanarkshire will host the triathlon, one of the first medals of the Commonwealth Games (CWG) and Ravenscraig Regional Sports Facility will be used as a training venue for power-lifting, judo, wrestling and potentially artistic gymnastics. A week into the CWG the men and women's time trial bike race will trace a route through the north of North Lanarkshire.

In this regard, I was delighted to be the Head of Delegation, with Councillor James McCabe the Council Leader being the City Representative for the Team Lanarkshire that participated in the 46<sup>th</sup> International Children's Games in Daegu, South Korea last July. The team consisting of the best young 12-15 year old athletes representing Lanarkshire in football, athletics, swimming and Taekwondo.

I would personally like to thank the Leader and the senior politicians and officials in the Council for the continued support they have shown for sport and North Lanarkshire Leisure. I would also like to thank Cllr. Jim Logue, the Chair of the Board of Directors and the board members themselves for their guidance, support, professional expertise and passion for sport and physical activity which is making a positive difference in North Lanarkshire, without which the performance and growth of the Trust would not have been possible.

Additionally, the continued growth in performance reflected in this year's annual report would not have been possible without a dedicated, committed and highly professional staff at all levels within NLL who constantly strive to provide award winning, excellent value for money services. I would like to thank all the staff who contribute to delivering services which are helping to transform the lives of our customers and the communities we serve.



**Blane Dodds**  
**Chief Executive**  
**North Lanarkshire Leisure Limited**

# North Lanarkshire Leisure Ltd

## Directors' report for the year ended 31 March 2013

The Directors have pleasure in submitting the report and audited financial statements of the charitable company for the year ended 31<sup>st</sup> March 2013.

### Reference and administrative details

<b>Charity Number</b>	SC037439
<b>Company Number</b>	SC303391
<b>Registered Office</b>	100 Buchanan Street, Coatbridge. ML5 1DL
<b>Directors</b>	J Logue (Chair)  J Robertson D Gamble G Watson V Mitchell H Sweeney W Shearer  F Burns J Taggart J Smith A Clinch Mary Gourley E Dollochinn
	Resigned 19 <sup>th</sup> September 2012 Appointed 19 <sup>th</sup> September 2012
<b>Chief Executive</b>	B Dodds
<b>Company Secretary</b>	B Dodds
<b>Independent auditor</b>	KPMG LLP 191 West George Street, Glasgow. G2 2LJ
<b>Solicitors</b>	Biggart Baillie Dalmore House, 310 St Vincent Street, Glasgow. G2 5QR
<b>Bankers</b>	Clydesdale Bank 43 Hamilton Road, Motherwell. ML1 3DD

# North Lanarkshire Leisure Ltd

## Structure, Governance and Management

### Company structure

The purpose of North Lanarkshire Leisure Ltd (NLL) is to deliver sport, recreational and health improving welfare services to the community of North Lanarkshire. NLL is responsible for the management and operation of the following facilities and activities in North Lanarkshire:

- 8 pools
- 12 sport & leisure centres
- 2 golf courses
- 1 driving range
- 2 outdoor sports facilities
- 66 sports pitch pavilions
- 7 shared pavilions
- 10 third generation pitches
- 160 sports pitches
- 1 Football Stadium
- "Access NL" membership scheme
- Kids NL and Active8 gyms
- Sports Development & Inclusion
- Community Fitness
- Fitness Motivators in Schools
- Catering and hospitality services within the facilities
- Golf course grounds maintenance

NLL is a not for profit organisation, limited by guarantee, which requires that any surpluses generated are reinvested in improving facilities and services provided to the community of North Lanarkshire

### Company mission statement

NLL's vision is to provide exceptional customer service and value for money experience through the provision of a range of high quality sport, recreational and health improving activities.

# North Lanarkshire Leisure Ltd

## North Lanarkshire Leisure's Strapline is

No limits.....to your Health, Fitness, Sport and Leisure

## Directors

NLL has 12 Directors, comprising the following:

- 5 Partner Directors – elected members of North Lanarkshire Council
- 5 Independent Directors – representative of the local community and/or with skills and experience to contribute to the Board of Directors, including (but not limited to) community representatives, sports representatives, facility users/customers, academic representatives and members of the business community.
- 1 Trades Unions Director
- 1 Employee Director

## Induction and training of Directors

New directors receive legal guidance on their duties and responsibilities as a Director of the Company under charity and company law and copies of the Company's Memorandum and Articles of Association. In addition, Directors are given an overview of NLL's most recent annual report, current Business Plan and future development plans by the Chief Executive and Chair of the Company.

The Directors also receive advice on factors affecting their duties and responsibilities through legal representation at General Meetings.

## Organisational structure

The Board meets 4 times a year with senior management representatives to consider the NLL business. Decisions are taken to set the overall strategy for the business as well as to monitor its activities, with employee disciplinary appeals and health & safety issues being referred to sub-committees for decision on behalf of the Company.

The Board has appointed a Chief Executive to manage the day to day operations of NLL through an approved scheme of delegation.

## Related Parties

NLL works in close partnership with North Lanarkshire Council to ensure the highest possible service is offered to residents and visitors to the area with the resources available. These close links ensure that the vision and strategy of North Lanarkshire Leisure contained in the Business Plan is closely aligned and integral with the strategic aims of the Council and the Scottish Government. A contract is in place between NLC and NLL to maintain this client relationship.

# North Lanarkshire Leisure Ltd

## Risk management

NLL has a risk management policy that states that the Company will:

- identify and record the risks to the achievement of the charitable objectives;
- assess the risks to determine if they are acceptable with existing controls or require additional treatment;
- respond appropriately to the risks, based on the assessment; and
- monitor and report on the current status of risks and the effectiveness of their controls.

A risk register has been established to assist in assessing the risks based on the NLL's achievement of the charitable objectives. The resultant actions required to mitigate these risks is then considered and prioritised in light of the NLL's exposure. The top 4 risks detailed in this are as follows:

- Reduction in Management fee from NLC.
- Inability to gain access to sufficient capital to maintain and grow services.
- 3<sup>rd</sup> Party Support failure in relation to IT Services provided by NLC.
- 3<sup>rd</sup> Party Support failure in particular in relation to services provided by Gladstone MRM

NLL has a dedicated post of Health & Safety Manager to oversee this major area of risk to the organisation. Activity in the area of risk mitigation has focussed on Critical Incident and Business Continuity issues with awareness sessions and workshops being delivered to senior managers.

## Objectives and activities

The charitable objectives as recognised by the Office of the Scottish Charity Regulator under the Charity and Trustee Investment (Scotland) Act 2005, are:

- the advancement of health
- the advancement of public participation in sport
- the provision of recreational facilities or the organisation of recreational activities with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended

These are achieved through the following strategic objectives:

1. To increase participation and improve performance in sport
2. To increase visitor numbers
3. To attract more visitors from disadvantaged groups
4. To improve the service quality and the customer satisfaction rating
5. To even out demand for the facilities by increasing off peak usage
6. To improve awareness of the North Lanarkshire Leisure Limited products and services
7. To maximise revenue, while reducing costs and reinvesting surpluses in the company
8. To raise the profile of sport and leisure services and build North Lanarkshire Leisure's brand and sub brands

# North Lanarkshire Leisure Ltd

## Strategies adopted to achieve objectives

- Ensuring continued growth through the provision of market led services that increase participation and activity levels, which in-turn increase resources available for investment within the service
- Strengthening the North Lanarkshire Leisure Ltd identity through the creation of a focussed corporate branding and communication strategy
- Continued expansion and enhancement of the facilities and services provided, including Access NL and the successful group fitness and Body Training System programme
- Roll out of the Quest and Leisure Safe development programme to further sites
- Continued investment in the Catering function within the Company and implementation of numerous service improvements
- Securing additional external funding to further enhance the sport inclusion programme initiatives including: the Saturday Night Sports scene activities programme; the continuation of free School's Holiday Programme to complement the Free Swims initiative for school children during the Easter, Summer and October week breaks; festivals of fun; Sports Zones outreach programme and get into coaching.
- Continued investment in staff training and development through, increased course availability and activity and investment in cultural change programme - "Value the Person"
- Continuation of the cross-party working group with North Lanarkshire Council to develop a Sports Strategy for the local authority boundary.

## Public Benefit Test

North Lanarkshire Leisure was created following a Best Value Review carried out by North Lanarkshire Council during 2005. The review indicated that delivery via a social enterprise, such as NLL, would provide a much more efficient, effective and customer focussed service. During 2008, a review of the outcomes achieved by NLL was carried out, which clearly showed that the Company was delivering and exceeding expectations in all key areas identified. The performance to date has resulted in an increase of over 1 million user sessions each year, over 26,000 active members of AccessNL, significant income growth and increased investment in quality facilities and services. We have delivered what was intended: **more people, more active, more often.**

We have never before been able to quantify the full impact NLL has on the local community. However, through an exercise undertaken in 2010 in partnership with Baker Tilly's social impact specialists, NLL has been able to measure both its economic and social impact. This has shown that NLL contributes £41m a year back into the community - more than double the total income of the charity or 4 times the level of public funding it receives. This can be attributed to key areas such as:

- Demonstrable savings to the NHS and wider economy of £26m
- Savings in excess of £4m (including police and fire) through the delivery of diversionary sport & recreation programs that promote inclusion and community engagement
- Savings to the local economy through the provision of quality products and services at value for money prices of £2.5m

# North Lanarkshire Leisure Ltd

## Achievements and performance

Audit Scotland published a paper entitled 'Physical Recreation Services in Local Government' in October 2010 on behalf of the Accounts Commission. This report highlights the performance reporting arrangements designed and implemented by NL Leisure for performance reporting of its performance to the Council as representing good practice for Arms Length External Organisations (ALEOs). The report states "The Council has clear performance-reporting arrangements in place for its two leisure trusts". The paper also identifies the contents of the quarterly performance monitoring report submitted to the Council's Learning & Leisure Services committee and refers to the Single Outcome Agreement (SOA) which has been developed in partnership with Learning & Leisure Services, as examples of good practice.

## Key performance indicators

NLL has an internal performance monitoring framework in place that reviews all relevant performance and key indicators on a period basis. The performance management system is continually developed and refined.

The performance of NLL is monitored through a series of indicators. These indicators have been measured and monitored by the NLL since 16<sup>th</sup> September 2006 and demonstrate the continued improvement in both customer income and attendance figures across the facilities operated and managed by NLL.

NLL established the management and operation of Broadwood Stadium in Cumbernauld on 21<sup>st</sup> September 2009 and Ravenscraig Regional Sports Facility on 30<sup>th</sup> September 2010. The indicators therefore include performance information relating to these sites from the date of transfer.

The Time Capsule Monklands Trust Limited has been dissolved with the Time Capsule transferring to NLL with the first day of trading under NLL being the 29th April 2011.

This is a continuation of the long term strategy of NLC, identified through the 2004/2005 best value review and prior to this as part of various sport strategies and identified in NLL's Business Plans and single outcome agreement of working towards **a single service provider** for sport and leisure in North Lanarkshire. With the former Broadwood Stadium Company Limited and the new sports facility at the site, Ravenscraig Regional Sports Facility and now the Time Capsule this completes this long-term goal and will help to ensure a degree of consistency in quality service provision, pricing, marketing, promotions, public relations and programming moving forward that was not possible to achieve under the former fragmented, multi-company arrangements.

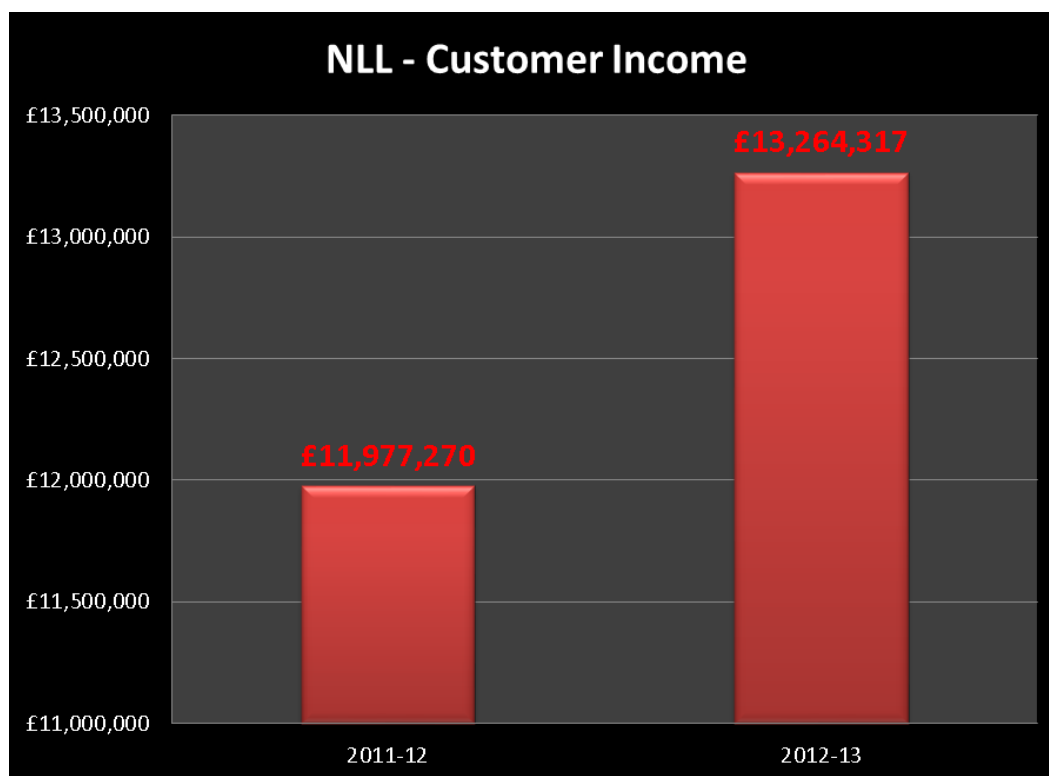
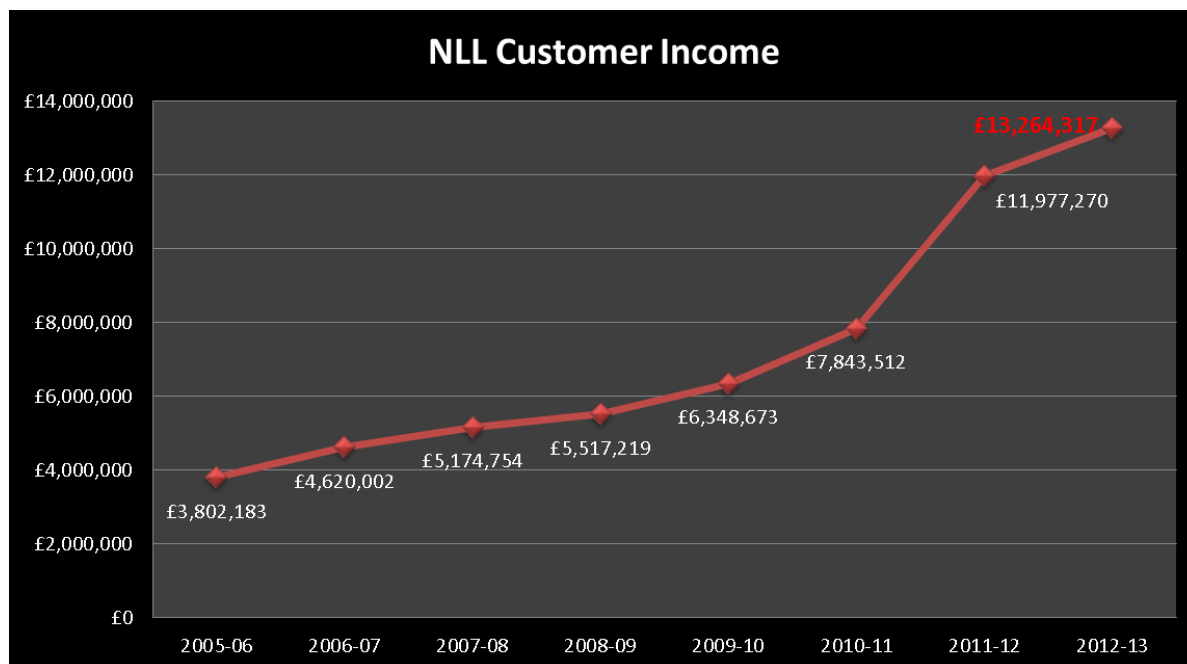
The performance monitoring framework has been amended accordingly to include the relevant statistics for the Time Capsule. It should be noted that the Statutory Performance Indicators always included the SPI information for the Time Capsule and has always been reported as a single figure for Pools and Indoor Sports in accordance with Audit Scotland's reporting requirements. This report has been altered to include the income and usage statistics, customer feedback, sickness absence, quest, leisure safe and service update information for the Time Capsule.

*Note: the figures for 2006/07 combine both the North Lanarkshire Council figures to 15<sup>th</sup> September 2006 and North Lanarkshire Leisure figures from 16<sup>th</sup> September 2006.*

# North Lanarkshire Leisure Ltd

## Performance - Customer Income

The figures in the following graph demonstrate that overall since NLL was formed in September 2006, there has been a 249% increase in income from £3.8m pre-formation to £13.25m generated during 2012-13, which is a £9.46m increase. This income growth since 2005/06 is shown in the graph below, with more detail provided in the subsequent graph for the past two years.

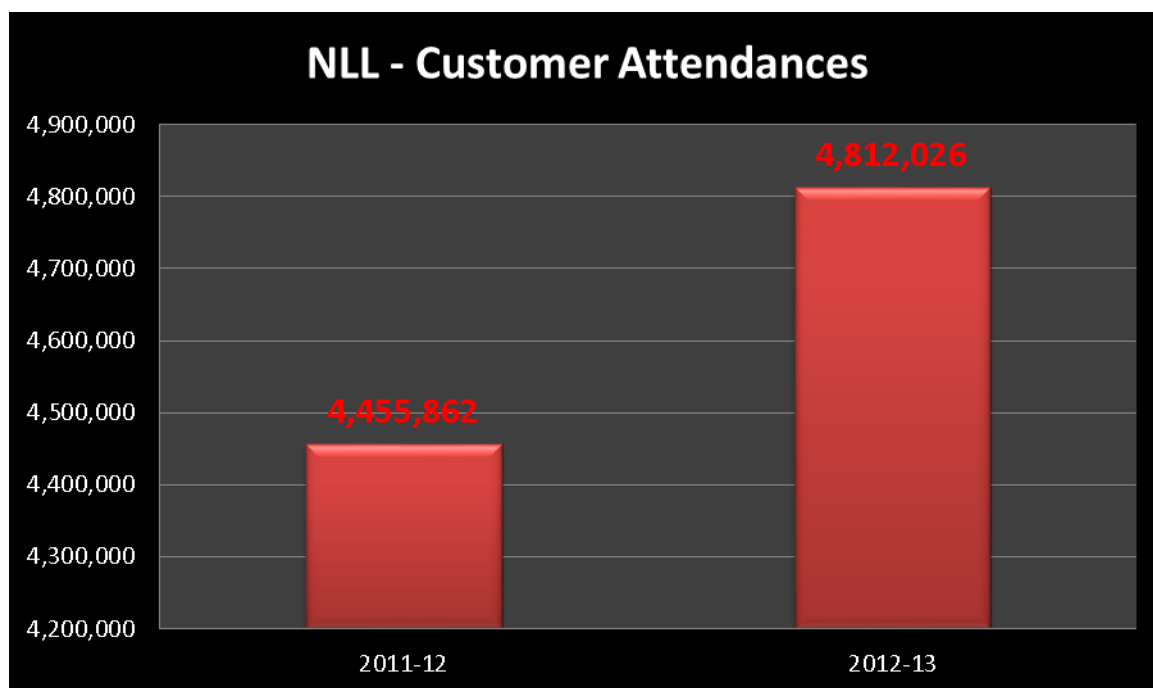
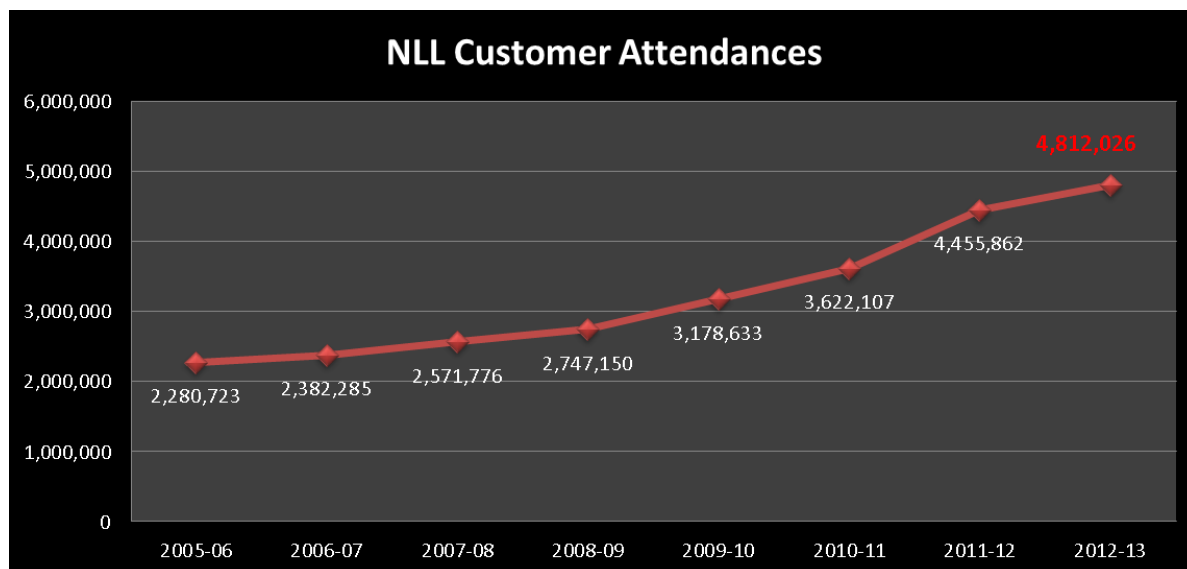


Over the past year customer income has grown by 10.75%, which is equivalent to £1.28m.

# North Lanarkshire Leisure Ltd

## Performance - Customer Attendances

Customer attendances have also increased by 111% from 2.2m to 4.8m since NLL was formed in September 2006. Even taking new facility provision into account, more than doubling the attendance levels in just seven years is a significant achievement and indicative that the joint Council and NLL sports strategy or increasing participation and improving performance in sport has been successful, resulting in more people being more active more often. The growth in attendances since 2005/06 is shown in the graph below, and shown in more detail in the subsequent graph over the past two years.



Over the past year customer attendances has grown by 7.99%, which is equivalent to 356,164 additional attendances than over the previous year.

# North Lanarkshire Leisure Ltd

## Access NL Membership

The Access NL scheme continues to be the cornerstone of NLL's income generation and customer service strategies. Access NL allows unlimited access to swims, gyms, health suites and vibrant group fitness programme and a range of other member benefits at 13 NLL venues across North Lanarkshire in return for a monthly direct debit fee, with a concessionary scale of charges for low-income families and those from financially disadvantaged groups.

Access NL income has shown an increase of £509,593 (9.7%) over the previous year, growing to £5.7m. The membership base also shows a healthy pattern of growth of 5,718 (17.25%) members to 38,873 members at 31<sup>st</sup> March 2013.

Access has continued to perform very well with the introduction of new facilities and the refurbishment and renewal of existing gyms, health suites and subsequent upgrading of associated changing facilities. Access NL offers excellent value for money and rewards regular participation, therefore naturally encouraging people to be more active more often.

Additional services have been added to the Access NL membership over the years to further improve the value for money element and appeal of the membership, such as it now allows access to the Time Capsule waterpark at anytime; allows members access to included after-school ice skating sessions and the popularity of the associated included Kids NL programme has ensured that the children's membership continues to prove a very popular option.

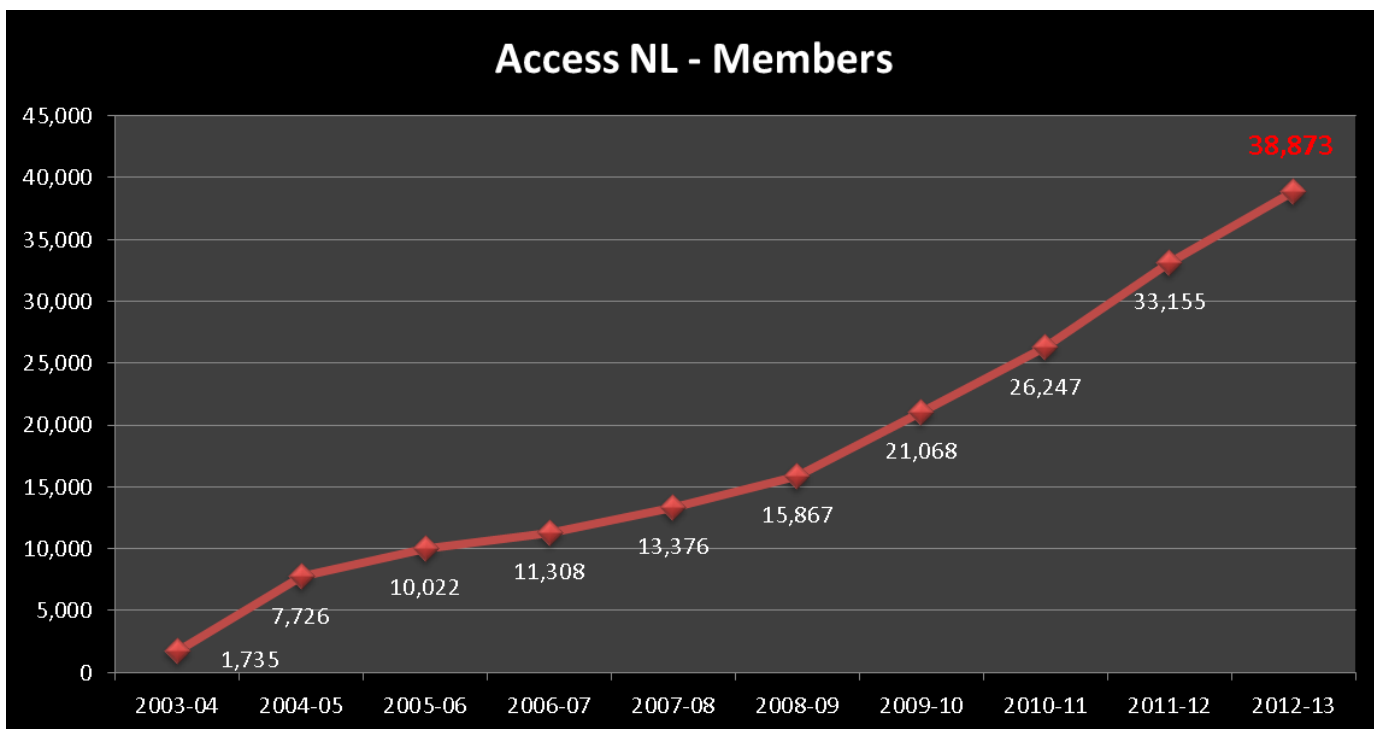
Access NL, incentivises regular activity as the membership becomes more cost-effective the more it is used. The premise that Access NL has improved participation levels was confirmed since last years' NLC Citizens Panel Health and Wellbeing survey found that the North Lanarkshire population are becoming more active, exercising more regularly and at a greater intensity. This means that residents are therefore generally moving more towards the new recommended national physical activity guidelines for adults of 5 times 30 minutes (150 minutes) of moderate intensity exercise per week, including strength and conditioning training sessions to maintain muscle strength twice per week, together with the new important recommendation that people should also work to minimise the amount of time that they spend being sedentary (sitting or lying down i.e. watching tv, in meetings, working with PC's, tablets etc)

Since, Scotlands' Chief Medical Officer Sir Harry Burns has identified 'physical activity as the best buy in public health', which was also supported to an extent by NLL's Social Return on investment report and since the launch of the 4 home countries' national Physical Activity Guidelines 'Start Active, Stay Active', there is an increasing focus in both national and local policy and strategy towards using physical activity to prevent, control or mitigate a number of degenerative disease and illnesses aswell as society reaping the benefits of a healthier population.

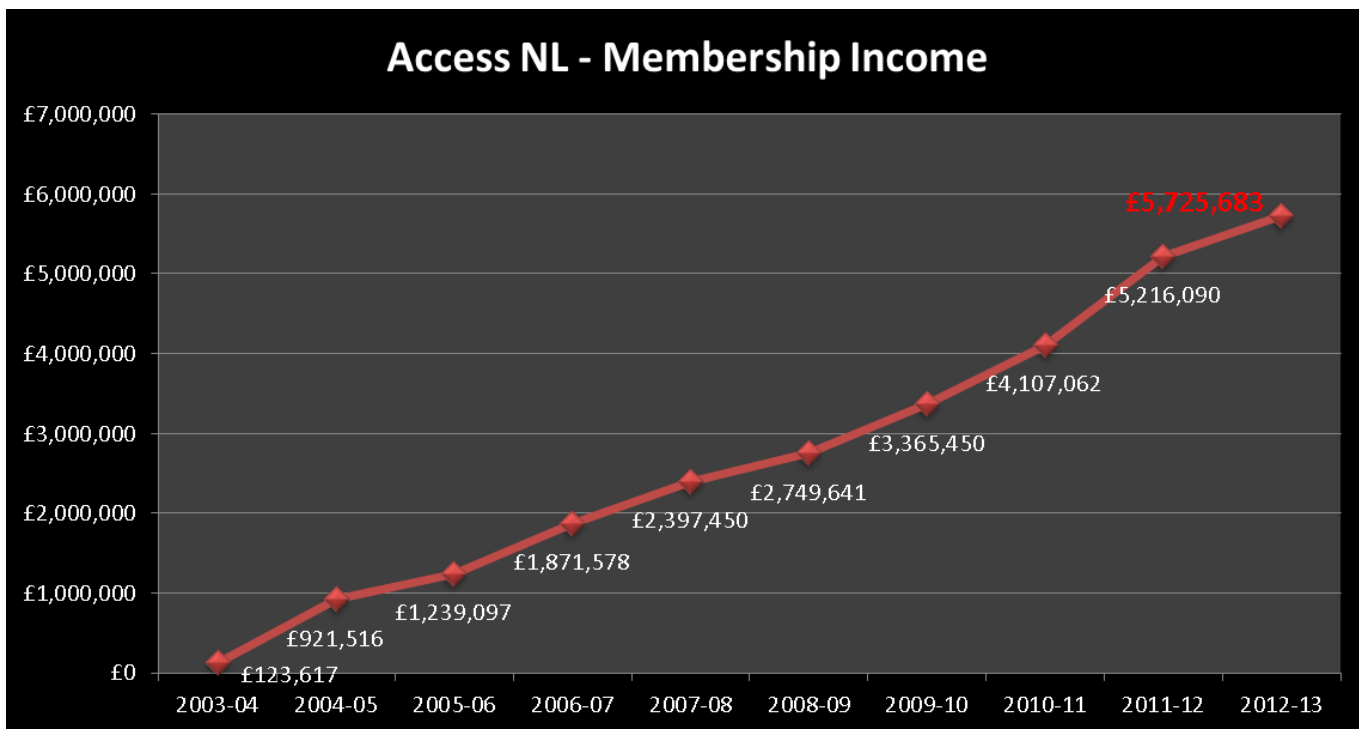
Over the past year, NLL has been working very closely with NHS Lanarkshire to put in place a number of programmes and initiatives which encourage the uptake of sport and physical activity generally, but also target the most vulnerable sectors of society. In addition to this, the new Single Outcome Agreements between local authorities and the Scottish Government which are currently being drawn up and agreed for the very first time should include specific reference to and targets for physical activity.

Access NL remains the most popular membership scheme of its type in Scotland and amongst the top-performing schemes in the UK. The growth in Access NL membership, since the introduction of Access NL in 2003 is shown in the graph below.

# North Lanarkshire Leisure Ltd

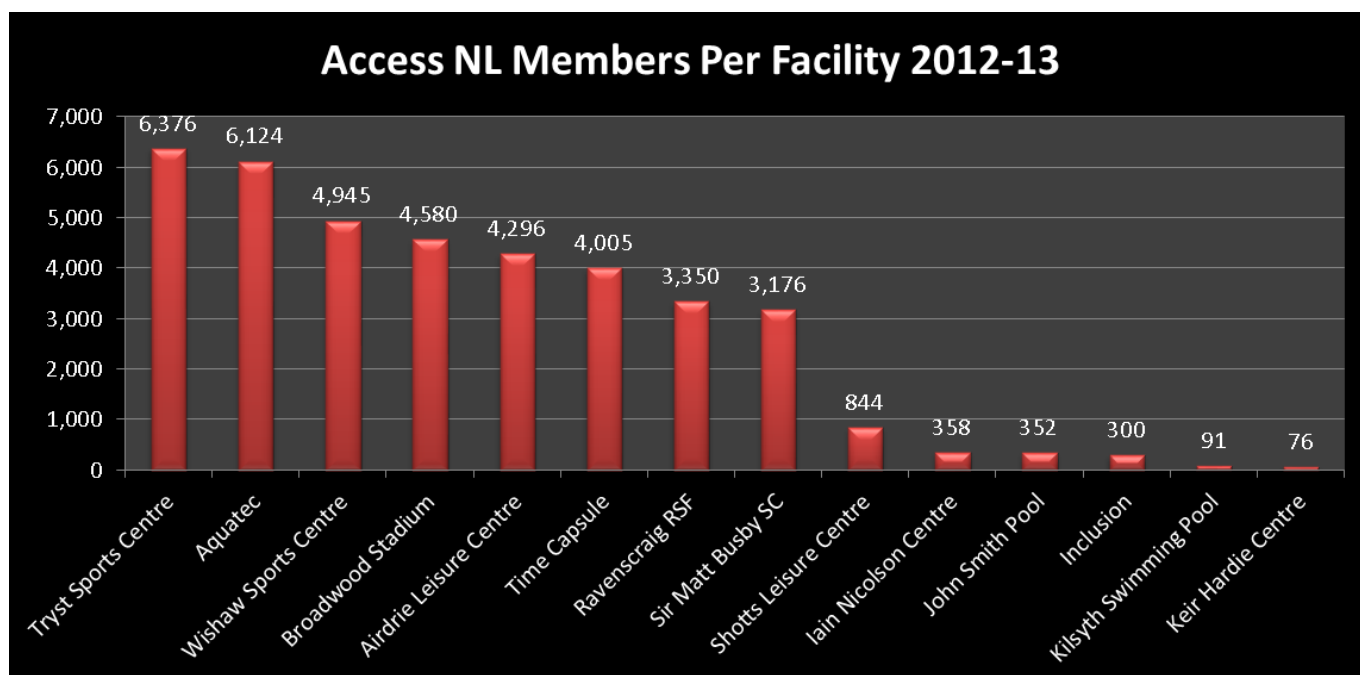


The contribution that Access NL income makes to NLL's cumulative customer income figure for NLL is shown in the graph below.



The number of Access NL members per site is shown in the graph below.

## North Lanarkshire Leisure Ltd



NLL continued to sponsor the 'Study Leave' initiative by providing free Access NL membership to all S5 & S6 pupils during the study leave period in the lead up to their exams, with discounted membership available thereafter. This initiative endorses the 'healthy body, healthy mind' approach and striking a balance between revision and relaxation during what is an intense and emotional study period for these young students, and this scheme has been well received by pupils, parents and teaching staff.

The strategy of Access NL will continue to be important in driving performance in these financially challenging times, where customers continue to have an increasing choice in where to use their leisure spend with the value of that discretionary spend being systematically squeezed as household budgets are stretched for essential core daily living expenditure. Under these circumstances, the commitment and dedication of NLL staff in providing excellent, customer focussed services at all levels continues to be of paramount importance in securing the current levels of service provision.

However given the success, many of the gyms can be close to capacity at peak times, in addition to car parking issues, and therefore continued growth may be constrained by the existing levels of supply.

The introduction of direct debit for NLL's 'Learn to Swim' programme continues to be well received by the majority of customers and is resulting in an increase in swimming income and attendances within the pools and is also retaining more children at each stage of the swimming development programme and therefore ensuring that a greater number are developing a higher skill and fitness level, with greater numbers transitioning into the resident swimming clubs at the end of the programme.

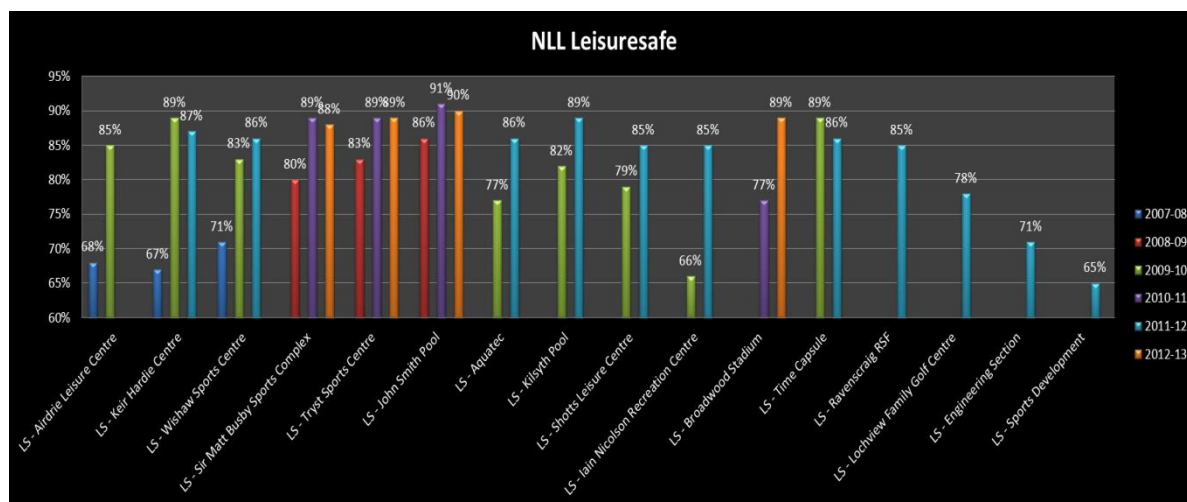
# North Lanarkshire Leisure Ltd

## Quality

The quality of service remains of paramount importance to North Lanarkshire Leisure and our customers, partners and staff. NLL aims for continuous improvement to ensure that we are delivering best value services. NLL has put in place an robust and rigorous 'in-house' quality inspection and customer journey system which is audited through independent mystery shopping undertaken by existing NLL customers.

## Leisure Safe

The Leisure safe Accreditation Scheme offers an independent, comprehensive and leisure specific audit of NLL's arrangements for managing health and safety. It provides a means of measuring levels of compliance with legislation, regulation and best practice and also allows us to benchmark our operations against other similar leisure providers on a national basis. During 2012/13, several facilities and services were audited, and reaccredited with the results shown in the graph below.



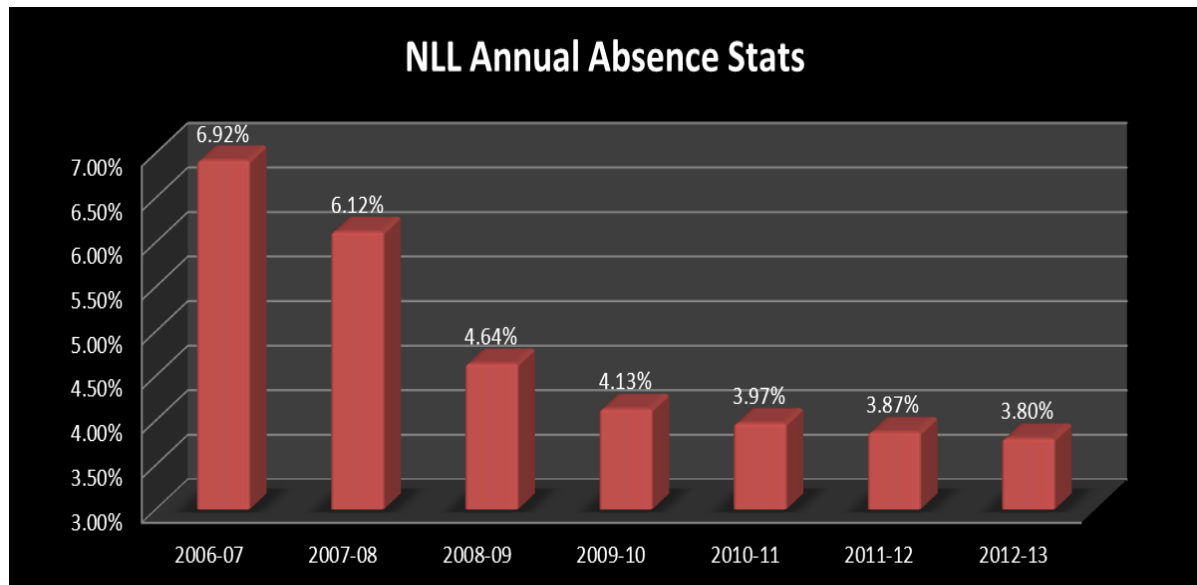
An External Verification audit of the Institute of Qualified of Lifeguards programme was undertaken and NLL again received a 100% score. This audit examines how NLL train, design, deliver, monitor, record and report the Lifeguard qualification within the company to employees and the public.

Given the nature of the service, health and safety remains of paramount importance and these scores reflect a considerable investment of time, effort and resources at all levels into health and safety policy, strategy. The audit and external inspection process continues to demonstrate the company's on-going commitment to the health, safety and welfare of customers and staff.

## NLL Sickness Absence Levels

The company has a pro-active absence management policy via active management that has reduced sickness absence levels considerably since North Lanarkshire Leisure was formed. This leads to a reduction in the overall operating costs of providing the facilities and services. The downward trend is shown in the graph below. The sickness absence figure for 2012/13 was 3.80%, reducing from 6.92% in 2006/07.

## North Lanarkshire Leisure Ltd



It is gratifying to note that despite the unsettling nature of the impact of actions required to deliver efficiency savings that NLL's employees have continued to maintain good attendance levels.

# North Lanarkshire Leisure Ltd

## Review of the Year

NLL has introduced several service, facility, operational and programme improvements, including:

### Facility improvements, repairs and maintenance

- Complete refurbishment of Wishaw Sports Centres' swimming pool changing village, ground floor toilets and main hall floor replaced with a sprung 'Junkers' wooden floor.
- Broadwood Stadium main pitch replaced with a FIFA 2 star and IRB accredited surface which re-opened on the 25<sup>th</sup> August 2012, with the £480,000 funded through the Scottish Governments' 'Cash-back for Communities' fund, in partnership with sportscotland, the SFA, NLC and Cumbernauld Colts.
- Sir Matt busby new gym and studios opened on the 19<sup>th</sup> November 2012.
- Time Capsule ice reopened following £2.1m major refurbishment on the 7<sup>th</sup> December 2012, with £300,000 received from the sportscotland lottery fund and £48,000 from the Waste Recycling Group for the A/V system.
- New sauna and steam room at the Tryst Sports Centre.
- New storage facilities created at Coatbridge Outdoor Sports Centre to house sports development and events equipment.
- An additional dojo was created at Kirkwood Sports Barn.
- Visitscotland brown tourism signage put in place for Ravenscraig Regional Sports Facility in accordance with the facilities' 4 start quality accreditation status.
- £50,000 refurbishment of the health suite at Wishaw Sports Centre.
- Carpet replaced on Ravenswood 3G pitch in September and October 2012.
- The health suite within John Smith Swimming Pool was fully refurbished.
- Both the male and female changing areas in Airdrie Leisure Centre were also completely renovated.
- The main fitness studio within the Tryst Sports Centre was completely refurbished with a new wooden junkers floor and redecorated throughout.
- The former Daisy Park Community Centre, adjacent to the Aquatec has been converted into an Ultimate Fitness Arena to better serve the increasing demand for Group Fitness and functional training activity.
- Repairs were undertaken to the main sports hall granwood floor at the Iain Nicolson Recreation Centre and the dance studio floor refurbished.
- The Sir Matt Busby health suite heating plant was renewed and steam room refurbished, fire doors replaced and new wheelchair lift installed.
- The street lighting at Broadwood Stadium has been reinstated.
- There has been a general refurbishment of Coatbridge Outdoor Sports Centre.
- The Air Handling Units at the Tryst Sports Centre and John Smith Pool were upgraded.
- Repairs were undertaken to underwater tiles at Kilsyth Pool.
- New CCTV monitoring and recording system was installed at Birkenshaw Sports Hall.

# North Lanarkshire Leisure Ltd

- NLL took over the out of school hours operation of the sports facilities within the new St. Ambrose High School on the 19<sup>th</sup> November 2012.

NLL continues its commitment to provide quality, value for money services through a planned approach to Asset Management. The 18 facilities operated by NLL vary in age and condition and in order to ensure continued service delivery, NLL have directed resources to maintenance, repairs and improvements.

Maintenance and investment in swimming pool plant and filtration systems throughout North Lanarkshire has also been delivered to help maintain water safety and water quality levels.

## **Policies, Procedures, IT developments and Reviews**

- Clubsportnl received a further 'Awards for All' grant for £7,120 for the purchase of sports equipment to support events and clubs
- North Lanarkshire Golf Development Group received a grant for £2,000 from the 'Peoples Postcode Lottery' for golf
- NHS Lanarkshire and the Alcohol and Drug Prevention Team have agreed a £200,000 package of funding to extend the successful Friday Night Project (FNP) for a further year to 31st March 2014.
- NLL have also secured a further £50,000 funding from NHS Lanarkshire to deliver specific smoking prevention workshops to young people attending the FNP and therefore NLL has recruited a part-time post which will deliver this project.
- Following a 10 week 'Move the Goal Posts' pilot project, in Airdrie (Whinhall) and Motherwell (Muirhouse) to take the moveable soccer arena to provide football associated with the Council's 'Towers Strategy', NLL have secured £50,000 to continue to deliver this project for a further year. This partnership involves taking the soccer arena into areas identified by the police, the Council and NHSL and engaging with the community.

NLL has developed a range of procedures during the year including: in-house service improvement programme, individual facility business plans, 3 year corporate business plan, 10 year financial plan, single outcome agreement and revised administration and finance procedures.

## **Customer Service Improvements**

- Following presentation of the SROI report, funding was secured from the NHS Lanarkshire to put in place a funded 'Get Active Lanarkshire' well connected referral scheme along with a range of other health programmes established with a dedicated member of staff NHS Health Coordinator being seconded from NHS Lanarkshire to NLL
- Early bird group fitness programmes introduced at Sir Matt Busby Sports Complex from 6.30am in line with demand and new gym
- Fitness classes introduced to new dojo at Kirkwood Sports Barn
- Swimming lessons Direct Debit introduced for learn to swim programme and has been very well received, improving retention through all stages in the programme and transition into the resident swimming clubs.
- A new gymnastics area has been introduced within the athletics hall at Ravenscraig to assist in meeting the burgeoning levels of demand experienced by the Dynamic Gymnastics Club. As well as giving better provision for the grass-roots of the sport, this will also allow the club to increase the contact time for their increasing numbers of talented gymnasts, with one of the clubs' 7 year old gymnasts making it into the Scottish squad.

## North Lanarkshire Leisure Ltd

- The café counter at Ravenscraig has been expanded to include a Deli bar; offering a wider alternative of healthy and fresh menu choices for customers.
- As a result of the refurbishment of health suite at Wishaw Sports Centre, customers will also benefit from a range of beauty treatments offered by 'Alternative Beauty' for both women and men including Derma logical cleansers, tanning, nails and a wide range of holistic therapies including Reiki, Clinical Aromatherapy, Swedish Massage and Reflexology.
- A new group fitness programme has been introduced at St. Ambrose High School.
- In conjunction with NHS Lanarkshire and the Active Health partnership NLL staff have completed bowel and breast cancer awareness training and designed a brief awareness session to be delivered to more NLL staff as part of supporting and promoting the 'Detecting Cancer Early' campaign. Resources, including pull up displays and leaflets have been produced and are being displayed in all facilities to raise awareness of the 'Detecting Cancer Early' campaign.
- The pilot phase of the new 'Active Health' referral process and programme was successfully concluded and rolled out Resources, including leaflets, referral forms and guidance notes are now being circulated to local services. This will encourage community health practitioners to refer clients into the programme.
- Several 'Weigh to Go' courses are currently running within NLL facilities and being evaluated by NHS Lanarkshire. The courses have been created by the dietetics team at NHS Lanarkshire in order to provide a pan Lanarkshire approach to delivering appropriate and valid programmes for weight management. This piece of work is being funded through an allocation from the Scottish Government and sits within an overall framework of adult and child weight management being led by NHS Lanarkshire.

### **Sports, Strategy & Events**

- Positive coaching workshops delivered
- Delivered 'Coach in Action' seminar for the voluntary sports sector in partnership with South Lanarkshire Leisure & Culture
- North Lanarkshire Seniors Badminton travelled to Denmark for reciprocal matches against the Danish Gymnastics Institutes' badminton players following their visit to North Lanarkshire the previous year
- A number of North Lanarkshires paddlers reached national and international standards in flat-water kayaking
- Ravenscraig hosted the CEV European 'Small Countries' U19's week long volleyball international in April 2012 in partnership with Scottish Volleyball
- The club sportnl 'Monklands Half-Marathon' on Sunday 13<sup>th</sup> May 2012 attracted 111 participants for the half marathon, 37 for the 5k and 170 P5-P7 children for the 1K fun run.
- Ravenscraig hosted the Handball Scottish Cup Finals and Wishaw Sports Centre hosted the Volleyball Scottish Cup Finals
- NLL secured £10K funding from EventScotland to stage 'The Games', Games for Scotland event at Broadwood Stadium on Sunday 21<sup>st</sup> October 2012, with Shona Robison, Minister for the Commonwealth Games and Sports, choosing the summer Kids Klub at Broadwood Stadium to launch the 2012 national programme on the 26<sup>th</sup> July 2012.

## North Lanarkshire Leisure Ltd

- Ravenscraig hosted the European Tour Player televised snooker championships from the 14<sup>th</sup> – 16<sup>th</sup> December 2012.
- In athletics 373 runners are participating in NLL's jogging network across 5 centres and 214 children are taking part in the Community Run, Jump and Throw programme including 8 children with additional support needs, 154 children took part in the Summer Star:track programme
- 17 new handball coaches trained at Level 1 and new classes introduced to cater for the upsurge in interest following the 2012 London Olympics.
- In rugby, 21 primary schools and 5 secondary schools in Coatbridge taking part in tag rugby and rugby and rugby academies introduced for School leavers and U18's.
- Lead by NLL's Chief Executive as Head of Delegation and the Council Leader as this year's City Representative, Team Lanarkshire took part in the International Children Games from the 12th – 17th July 2012 in Daegu, South Korea, with Team Lanarkshire gaining gold in the football, silvers in the long jump, 400m freestyle swimming and Taekwondo, with a further bronze in Taekwondo and 100m freestyle swimming.
- This years Wishaw Games took place on the 11th & 12th August 2012, with the event being recognised as a London 2012 Olympics' 'Inspired Status'. The Wishaw Games is the largest 'pan-disability' games in Scotland and is run in partnership with the Wishaw Games Trust and Rotary International and attracts teams from all over Scotland.
- NLL hosted an Olympic themed Corporate Event for the staff from 'Johnston & Johnston' at Ravenscraig Regional Sports Facility on the 6th September 2012.
- This years' Cumbernauld 10k took place on the 10th September 2012 at Broadwood Stadium, with 609 runners taking part in the 10k, 97 in the 3k and 225 in the 1k. For the first time this year the 'Victory Mile' was introduced which attracted 62 participants, including people with disabilities and special needs and their carers.
- NLL once again managed and operated this year's Annual Suicide Prevention Tournament at Ravenscraig Regional Sports Facility on Wednesday 12th September 2012 on behalf of NHS Lanarkshire, North Lanarkshire Council and SAMH and their 'Choose Life' Campaign. 19 teams took part this year, with approximately 140 participants and 20 spectators.
- The annual North Lanarkshire Schools Swimming Championships took place at Sir Matt Busby Sports Centre, Bellshill on Wednesday 7th November 2012. With almost 275 children from 86 schools taking part, this represented a 35% increase in swimmers than the previous year.
- With the continued support of North Lanarkshire Council and North Lanarkshire Leisure in partnership with Scottish Athletics and Cumbernauld Athletics Club, the National Cross Country Relay Championships returned to Cumbernauld House Park on Saturday 27th October 2012. Yet again boasting the strongest ever field, with a record entry of 498 teams, which is a 10.67% increase on the previous year lining up in search of National titles.
- More than 3,000 people from across North Lanarkshire attended 'THE GAMES' event on Sunday 21st October 2013 at Broadwood Stadium. This Games for Scotland event provided the ideal opportunity to inspire, motivate, engage and engender pride in the people of the area to celebrate Glasgow and Scotland hosting the 2014 Commonwealth Games.
- 283 people braved the sub zero temperatures to take part in the annual Christmas Cracker 5k fun race, in partnership with Run 4 It and jogscotland, took place on Sunday 9th December 2012 at Strathclyde Park.

## North Lanarkshire Leisure Ltd

- Around 82 primary schools are now involved in NLL's schools badminton programme with several Primary School badminton festivals are being delivered. The popularity of the adult badminton club at Ravenscraig continues to grow resulting in the club expanding from one to two nights per week. Two NLL badminton coaches have sat and successfully gained their UKCC2 badminton coaching practical and theory exams to help to further grow and develop the existing very successful badminton programme.
- NLL are in the process of establishing an 'Ice Sports Development Group' to help develop a number of sports that can utilise the reinstated Time Capsule ice rink, with the first "Inclusive Skating" disability family skating programme introduced.
- The Time Capsule is providing 100 tickets for the Saturday Night Ice Disco for Police and the local health action team to distribute to young people most in need of such support, which is also helping to reduce the incidence of youth anti-social behaviour in the town.
- The Junior Academy at Lochview Family Golf Centre has been introduced.
- NLL has introduced new 'Developing Potential' football classes which links with the soccer schools and allows the children to progress to a higher level and is delivered by level 4 football coaches.
- NLL has also introduced the new 'Little Kickers' football classes for children from as young as 2 years of age at Broadwood Stadium and the classes have been very well received.
- NLL introduced a new 'DanceNL' brand aimed at children from 3 to 9 years of age, accompanied by new dance classes at Ravenscraig Regional Sports Facility, Broadwood Stadium, Airdrie Leisure Centre, Kirkwood Sports Barn, Birkenshaw Sports Hall and Shotts Leisure Centre.
- The North Lanarkshire Primary Sports Hall Athletics finals were once again held at Ravenscraig Regional Sports Facility. Around 360 children participated in the event with squads of 30 from 12 qualifying schools, with St Timothy's Primary School in Coatbridge becoming the North Lanarkshire champions for the 2nd year in a row, before going on to represent North Lanarkshire in the West of Scotland finals, in which they were placed a respectable 6th out of 12 teams.
- North Lanarkshire Leisure also hosted the secondary schools Giant Heptathlon event and qualifiers for the first time in this region. Over 150 secondary pupils from s1 and s2 competed across 7 events and relays. This year, St Maurice's Sports Comprehensive, Cumbernauld won both pools from the event and went on to represent North Lanarkshire in the West of Scotland final. St Maurice's went on to hold off tough competition from Glasgow and West Dunbartonshire to come out victorious at Ravenscraig Regional Sports Facility. The school furthered their road to success by then representing the whole West of Scotland at the Scottish National Finals held at Grangemouth, where they just narrowly missed out on a podium place, coming 4th overall.
- 5 North Lanarkshire Athletics Development squad camps were held at Ravenscraig over the winter season and are helping to highlight and improve the standards in athletics in North Lanarkshire, by providing support and access to a high standard of facilities.
- Three indoor open graded athletics meets were held at Ravenscraig Regional Sports Facility over the winter months.
- Broadwood Stadium hosted what was Scotlands' first stadium 3G Rugby match, when Cumbernauld Rugby played Bron (Cumbernaulds' French twin-town) on the 30th March 2013 (Easter Sunday), with Cumbernauld being narrowly beaten 29-21 by EMS Bron. The pitch stood up very well to this competitive match and was well received by all involved.

## North Lanarkshire Leisure Ltd

- Ravenscraig has been working with Glasgow 2014 Commonwealth Games and Scottish Rugby to provide training facilities for Rugby Sevens in the lead up to the Games.
- Ravenscraig also hosted the 'Handbags and Gymbags' women's day of fun, fitness, leisure and pleasure on Saturday 2nd March 2013 culminating in the participants breaking the 'Guinness World Record' for the largest power-hoop class ever held.

### **Staff & Training Improvements**

North Lanarkshire Leisure recognises that employee training and development is closely linked to the growth of the company and that each employee plays a vital role in its continued success. More knowledgeable, skilled, engaged and capable employees directly impact on the company's ability to meet its charitable objectives.

The company is committed to equality of access to training and development of all employees. The Training & Development Co-ordinator works very closely with sections and services throughout the company by supporting them to develop by delivering training and supported development opportunities. It is clear from improvements and changes throughout the company that returns on this considerable investment flow through to quality of service provided to employees and customers alike.

With the continued growth, development and diversity of services provided by the company, mandatory training in Health & Safety for all employees obviously has high priority and this is managed by on-going training and Site Christmas closures which again demonstrated efficient, effective and economical in its delivery.

In 2012/13 employees continued to access the full range of training and development opportunities as provided through the in-house training and development calendar. In addition, employees accessed external training, where appropriate, to enhance their current knowledge and skills in specific professional areas not covered internally.

Some specific initiatives include:

- The SVQ in Sport and Active Leisure programme was introduced providing a level 2 vocational training programme to individuals aged between 16-19 who live in North Lanarkshire. The Programme is delivered in partnership with North Lanarkshire Council and Motherwell College and NLL inducted 9 SVQ level 2 trainees on a 1 year contract in September 2012 leading towards a Modern Apprenticeship at level 3.
- A 'Coach Development' week was organised in December 2012 covering a wide range of sports specific and generic health and safety topics with 133 coaches, sports apprentices and Challenge Fund employees taking part.
- Four training courses were delivered for NLL's sports coaches in the lead up to the Easter 'Kids Klub' holiday sports programme with 18 coaches attending the TOP Play/Sport course, 24 attending the Safeguarding and Protecting Children course and 44 attending the Positive Coaching Scotland course in preparation for 13 sites delivering the programme across North Lanarkshire
- NLL are working with NLC to implement the 'Youth Investment Programme Proposal', using the previous Future Jobs Fund programme as a template NLC now plan to resurrect the model and have identified the resource to provide up to 200 six-month paid work experience opportunities within the council and NLL, with NLL having 10 places made available for 16-24 year old unemployed residents of North Lanarkshire. All jobs will be for a fixed term 6-month contract.

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Successful applicants will receive in-work support from Routes to Work, posts will be 100% funded with a proposed start date is the 20th May 2013.

- The 7 NLL 'SVQ Sports Apprentices' are 6 months in to first year contract and have assisted in a number of major events. The apprentices are receiving a comprehensive bespoke training programme and are gaining numerous coaching qualifications; as well as attending generic courses. They have completed the Pool lifeguard course and funding has been accepted for a Gym Instructors Course. Motherwell College are pleased with the Apprentices' progress and don't envisage any problems with the completion of their SVQ modules.
- The 6 month 'Challenge Fund Trainees' programme for the 4 trainees successfully completed on the 6th April 2013 and Routes to Work have been delighted with the outcomes and have decided to help support some of our other programmes with funding and training.
- The above schemes are providing excellent opportunities for young people to gain the necessary skills and experience to gain meaningful employment in the sport and leisure industry.

As well as the above, NLL has a fully comprehensive staff training, development and review programme, covering all business areas which is reported to the Board of Directors in the quarterly performance reports.

### **Disabled Employees**

NLL gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the NLL's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### **Employee Involvement**

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

### **Health & Safety**

Health & Safety remains a critical area of the business and the company continued to invest in safety audits, inspections and training.

### **Governance, NLL Structure and Audit Arrangements**

Following a nomination, campaign and staff voting exercise, a new employee representative was selected to the Board of Directors as the period of tenure for the previous employee director had expired.

At the request of the Board of Directors, in accordance with good governance, transparency, accountability and the consultation requirement of the statutory best value regime, NLL undertook an extensive staff and customer consultation exercise to determine public opinion in relation to the efficiency savings as a result of proposed cuts to NLL's management fee from North Lanarkshire Council. The survey was only undertaken at the facilities which would be impacted by the proposed savings as well as an on-line survey being available. The exercise generated over 1,400 returns with

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the vast majority of respondents being overwhelmingly against any reduction of their sport and leisure provision.

NLL continues to review governance arrangements across the business, particularly when new facilities are added. 2012/13 saw the first full years trading of the Time Capsule in the NLL portfolio. This represents another significant achievement in NLL's growth and development.

### External Recognition and Awards

- NLL, NHS Lanarkshire and Partners received a Physical Activity and Health Alliance Award from the Chair of NHS Health Promotion Scotland on the 12<sup>th</sup> September 2012 at Murrayfield Stadium for the impact that both the Sports Scene and Friday Night Projects were making in improving the health and physical activity levels of young people.
- NLL's Chief Executive has received an award from the European Capitals of Sport Association (ACES) in recognition for the outstanding work being done by North Lanarkshire Leisure in providing innovative and ground breaking sport for all. This is the very first award by ACES has made to an individual and considering all the high profile European sporting capitals and cities involved, including Directors of Sport and politicians that are involved in ACES then this indeed a very great honour and recognition both for NLL's Chief Executive and North Lanarkshire. The award was bestowed by ACES in the European Parliament in Brussels on the 7<sup>th</sup> November 2012.
- The Time Capsule was voted 'The Best Leisure Centre in the West of Scotland' by the readers of the 'Primary Times' who voted in the publications recent 'Star Awards'. This is the second year in a row, the Time Capsule has received this award for the 2011 and 2012 Star Awards.
- NLL is currently working towards the 'Healthy Working Lives' bronze award, with the criteria being progressed via the Health & Safety working group, The portfolio is being populated at present and it is hoped that the award can be achieved by September 2013.

### Financial Review

NLL generates income from a range of sources including entry fees to the facilities, catering and merchandising. It also receives an annual management fee from North Lanarkshire Council, which in 2012/13 amounted to £10,555,106. Unrestricted income excluding management fee amounted to £11,690,022 during the year which is an 8% increase on 2011/12. Any surplus income generated is reinvested in improving facilities and services for the people using the facilities operated by the company and the 2012/13 surplus is £555,359.

The Board of Directors are satisfied with the financial performance of the company during 2012/13.

### Investment Policy

NLL has the power under its Memorandum and Articles of Association to invest and deal with the funds and monies of the Company not immediately required for its purposes in, or upon, such investments, securities or property as may be thought fit, subject to any changes to conditions or consents required by law.

### Reserves Policy

The Directors have forecast the level of general unrestricted reserves NLL will require in order to sustain its operations over a period if it were to experience a temporary curtailment of some or all of its operations.

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Following an assessment of the financial risks of the Company, the Directors consider the most appropriate level of unrestricted general reserves to be no more than £2,400,000 equivalent to 10% of gross expenditure.

The Board have also agreed to establish a Designated Fund for the purpose of future reinvestment in the assets and infrastructure of NLL. An amount of £200,000 per annum has been identified for inclusion in this fund.

There was a deficit of reserves at 31 March 2013 of £(147,849) comprising the following:

restricted funds	£278,573
unrestricted general fund	£2,377,286
designated fund – assets & infrastructure	£875,400
designated funds – operational commitments	£153,892
pension fund asset as required by FRS17	£(3,833,000)

The Directors' believe that it is prudent to ensure that there are sufficient unrestricted reserves to provide flexibility over the course of the future development areas. To this end, the level of reserves will continue to be reviewed annually.

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## Future Developments, Plans and Challenges

NLL has developed a Business Plan for the period 2011 – 2014, which has been approved by the Board of Directors and North Lanarkshire Council within which a number of key future developments have been identified and are presently being developed.

One key strategy is to deliver efficiencies and take cognisance of the continued challenging economic climate and potential reduction in the Scottish Local Government settlements in the short to medium term with a view to mitigating the potential service impact this may have.

The Company's strategy to deliver quality, accessible and value for money services and products has clearly been a success. However, future years trading will be challenging within the context of significant reductions in the public sector funding.

Whilst there has been significant growth in customer numbers and income, there has been and may continue to be further reductions in income via the public sector contracts.

However, a number of projects and planned initiatives for 2013/14 include:

- Installation of a new replacement 3G training pitch for Broadwood Stadium
- Secure the funding for the installation of three new tennis courts installation at Broadwood Stadium
- A bespoke BMX competition track at Broadwood Stadium secured via external funding
- New car-parking provision at Sir Matt Busby Sports Complex to accommodate member demand
- Bring forward plans to develop additional gym and studio space in the former lesser hall of Wishaw Sports Centre
- Implement the Phase 3 development programme of works for the sports dryside area for the Time Capsule; including vastly expanded health and fitness gym, studio, soft play and changing provision. Investigate the potential of sportscotland funding for the sport hall.
- As a contingent part of the above project, relocate NLL's HQ from the Time Capsule to newly adapted office space within Broadwood Stadium
- NHS Lanarkshire worked in partnership with NLL and South Lanarkshire to plan a sport, health and physical activity mass participation event and conference in May/June 2013. The conference is aiming to promote national/local good practice with key speakers being invited, such as Scotland's Chief Medical Officer Dr Harry Burns and Dr Andrew Murray, the Scottish Governments' Physical Activity Champion. The mass participation event is taking place at Strathclyde Park with a range of activities to encourage the local population to get 'more active, more often'.
- Prepare for Team North Lanarkshires' participation in the 47<sup>th</sup> International Childrens Games in the City of Windsor, Essex County, Canada from the 14<sup>th</sup> -19<sup>th</sup> August 2013, with 8 footballers and 4 swimmers being selected to represent Team North Lanarkshire at this years games.
- Prepare to stage the 2013 Games for Scotland, 'Commonwealth Countdown' event on Wednesday 7<sup>th</sup> August 2013 to celebrate the 2014 Commonwealth Games using the Time Capsule, Summerlee Museum of Scottish Industrial Life, Coatbridge Outdoor Sports Centre, the new St. Ambrose Sports Campus and Lochview Family Golf Centre.
- NLL will pilot a tiny tots athletics programme for 2-5 year olds in selected centres.

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- sportscotland suggested that North Lanarkshire put forward the Time Capsule ice rink project for the National Lottery 'Good Causes' Award, with the application being submitted by NLL on 27th March 2013 with the facility reaching the final, with public voting ending on 24<sup>th</sup> July 2013, with the outcome being announced a few weeks later.
- Develop a Business Plan covering the next three year business plan period from 1<sup>st</sup> April 2014 – 31<sup>st</sup> March 2017.
- Endeavour to get some resolution to the 'single service provider' and develop a sports strategy and sports facilities strategy
- Undertake a comprehensive company restructuring exercise in accordance with the financial challenges and business need.
- Assist the Executive Director of Environmental Services, acting on behalf of the Council to deliver a programme of events, activities and initiatives leading up to the Glasgow 2014 Commonwealth Games and assist with the support and delivery of some of North Lanarkshires' area of responsibility for the triathlon and cycling road race time trials. Also prepare for Ravenscraig RSF being a pre and during the games training camp for power-lifting, judo, wrestling and potentially artistic gymnastics. Engage customers, residents and the voluntary sector for sport (through clubsportnl) in the process.
- Continue to work in partnership with NHS Lanarkshire to enhance and develop general and specific health promotion and health intervention programmes through the Active Lanarkshire strategy and in accordance with the national physical activity strategy.

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## Annual Governance Statement

### Scope of Responsibility

NLL is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

NLL has adopted a code of corporate governance, which is consistent with the principles of the Charity Commissions "Hallmarks of an Effective Charity".

The system on internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

### Governance Framework

The NLL Business Plan forms an integral part of the overarching Management Agreement that North Lanarkshire Leisure Limited (NLL) has for managing and operating the sport and leisure facilities, services, activities and programmes on behalf of North Lanarkshire Council (NLC). Outlined within this is the companies' mission statement, strategies and objectives which are underpinned by the Financial Plan which focuses on the monetary implications of the companies' priorities and delivers a financial strategy to deliver the outcomes agreed in the business plan.

The company has a number of policies and regulations which Directors and Officers must adhere to, these include:

- NLL's Service Excellence which outlines where accountability lies within the organisation for excellence from the Board of Directors through to all members of staff.
- NLL's Financial Regulations which details the companies framework of internal financial controls designed to ensure the effective stewardship of NLL funds.
- NLL's Financial Scheme of Delegation which details the financial responsibilities specific to Board Directors, Senior Managers and Officers.

### Review of Effectiveness

The Company has a number of areas of good practice with regards to Governance and these have been recognised by Board Directors:

- NLL has mechanisms in place to ensure that key elements of its governance framework are subject to regular review;
- NLL has well-established service and financial planning arrangements including Business and Financial Plans which details the organisations mission and strategic aims and which have been approved by the Board;
- NLL has well-established financial management processes which produce financially robust and deliverable financial budgets which are integrated with wider business planning;
- The NLL Board meets regularly to monitor financial and service performance and arrangements appear appropriate to hold senior management to account;
- Directors have recently received training on their expected roles and responsibilities designed to enable them to effectively discharge their duties; and
- NLL have an approved risk management policy and associated risk registers which are subject to review by senior management from across the Trust.

## **North Lanarkshire Leisure Ltd**

During 2012/13 NLL's Internal Auditors carried out a Corporate Governance Audit to review the adequacy and effectiveness of the corporate governance arrangements in place. The outcome of the audit provided "substantial assurance" that the corporate governance arrangements of NLL are adequate and have mainly operated as intended although some areas for improvement were recommended.

These areas for have been reviewed and agreed with the Audit Committee and include:

1. Introduce a framework which enables the Board to periodically assess its performance as well as the performance of individual Directors to identify any training needs.
2. The Trust Board should periodically review its arrangements for managing potential conflicts of interest.
3. Management should ensure that the Scheme of Financial Delegation is reviewed and updated.
4. Job descriptions should be reviewed and updated on a regular basis.

### **Governance Issues**

Over the coming year steps will be taken to ensure all the recommendations detailed above will be undertaken as agreed by the Audit Committee. However in the Board's view reasonable assurance can be placed on the adequacy and effectiveness of NLL's system of internal control and governance for the year to 31 March 2013.

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**James Logue**  
**Chairman**  
**24 September 2013**

# North Lanarkshire Leisure Ltd

## Directors' responsibilities in respect of the accounts

The directors are responsible for preparing the accounts in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the company and the group and of their incoming resources and application of resources, including their income and expenditure for that period. In preparing those accounts, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement on disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps (such as making enquiries of other directors and the auditor and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

**J. Logue**  
**Chair**  
**Date: 24.9.13**

**Registered Office:** 100 Buchanan Street  
Coatbridge  
ML5 1DL

# North Lanarkshire Leisure Ltd

## Independent auditor's report to the trustees and members of North Lanarkshire Leisure Ltd

We have audited the financial statements of North Lanarkshire Leisure Limited for the year ended 31 March 2013 set out on pages 37 to 55. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the charity's trustees 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, its members as a body and its trustees 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 set out on page 34, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided 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 group's and the charitable company's affairs as at 31 March 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

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

In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# North Lanarkshire Leisure Ltd

## Independent auditor's report to the trustees and members of North Lanarkshire Leisure Ltd (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) require us to report to you if in our opinion:

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

### David Watt (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

*KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*

191 West George Street

Glasgow

G2 2LJ

**4 November 2013**

# North Lanarkshire Leisure Ltd

## Consolidated Statement of financial activities for the year ended 31 March 2013 (incorporating the income and expenditure account)

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Totals 2013 £	Period to March 2012 £
<b>Incoming resources</b>					
Incoming resources from generated funds					
Activities for generating funds:					
Catering		1,420,962	-	1,420,962	1,318,203
Rental income		141,480	-	141,480	154,945
Merchandising		509,313	-	509,313	355,184
Investment income	2	171,248	-	171,248	213,667
<i>Total incoming resources from generated funds</i>		<b>2,243,003</b>	-	<b>2,243,003</b>	<b>2,041,999</b>
Incoming resources from charitable activities					
Advancement of health, education and sport	3	22,245,128	859,359	23,104,487	22,733,648
<b>Total incoming resources</b>		<b>24,488,131</b>	<b>859,359</b>	<b>25,347,490</b>	<b>24,775,647</b>
<b>Resources expended</b>					
Cost of generating funds:					
Catering		1,319,813	-	1,319,813	1,360,617
Merchandising		103,166	-	103,166	61,196
<i>Total costs of generating funds</i>	5	<b>1,422,979</b>	-	<b>1,422,979</b>	<b>1,421,813</b>
Charitable activities					
Advancement of health, education and sport	7	22,452,203	939,431	23,391,634	22,337,702
Governance costs	9	145,873	-	145,873	207,245
<b>Total resources expended</b>		<b>24,021,055</b>	<b>939,431</b>	<b>24,960,486</b>	<b>23,966,760</b>
Net movement in funds and net income for the year		467,076	(80,072)	387,004	808,887
Actuarial (loss)/gain on defined benefit pension scheme		(2,128,000)	-	(2,128,000)	(391,000)
<b>Transfer between funds</b>		-	-	-	-
<b>Net movement in funds</b>		<b>(1,660,924)</b>	<b>(80,072)</b>	<b>(1,740,996)</b>	<b>417,887</b>
Fund balances brought forward at 1 April 2012	17	1,234,502	358,645	1,593,147	1,175,260
<b>Total funds carried forward at 31 March 2013</b>	18	<b>(426,422)</b>	<b>278,573</b>	<b>(147,849)</b>	<b>1,593,147</b>

All items dealt with in arriving at the net results relate to continuing operations.

There is no difference between the net results and their historical cost equivalents.

# North Lanarkshire Leisure Ltd

## Company Statement of financial activities for the year ended 31 March 2013 (incorporating the income and expenditure account)

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Totals 2013 £	Period to March 2012 £
<b>Incoming resources</b>					
Incoming resources from generated funds					
Activities for generating funds:					
Catering		1,261,002	-	1,261,002	1,173,021
Rental income		117,457	-	117,457	150,697
Merchandising		509,313	-	509,313	345,552
Investment income	2	171,248	-	171,248	213,667
<i>Total incoming resources from generated funds</i>		<b>2,059,020</b>	<b>-</b>	<b>2,059,020</b>	<b>1,882,937</b>
Incoming resources from charitable activities					
Advancement of health, education and sport	4	22,332,506	859,359	23,191,865	22,832,008
<b>Total incoming resources</b>		<b>24,391,526</b>	<b>859,359</b>	<b>25,250,885</b>	<b>24,714,945</b>
<b>Resources expended</b>					
Cost of generating funds:					
Catering		1,223,208	-	1,223,208	1,299,915
Merchandising		103,166	-	103,166	61,196
<i>Total costs of generating funds</i>	6	<b>1,326,374</b>	<b>-</b>	<b>1,326,374</b>	<b>1,361,111</b>
Charitable activities					
Advancement of health, education and sport	7	22,452,203	939,431	23,391,634	22,337,702
Governance costs	9	145,873	-	145,873	207,245
<b>Total resources expended</b>		<b>23,924,450</b>	<b>939,431</b>	<b>24,863,881</b>	<b>23,906,058</b>
Net movement in funds and net income for the year		467,076	(80,072)	387,004	808,887
Actuarial (loss)/gain on defined benefit pension scheme		(2,128,000)	-	(2,128,000)	(391,000)
<b>Transfer between funds</b>		-	-	-	-
<b>Net movement in funds</b>		<b>(1,660,924)</b>	<b>(80,072)</b>	<b>(1,740,996)</b>	<b>417,887</b>
Fund balances brought forward at 1 April 2012	17	1,234,502	358,645	1,593,147	1,175,260
<b>Total funds carried forward at 31 March 2013</b>	18	<b>(426,422)</b>	<b>278,573</b>	<b>(147,849)</b>	<b>1,593,147</b>

All items dealt with in arriving at the net results relate to continuing operations.

There is no difference between the net results and their historical cost equivalents.

# North Lanarkshire Leisure Ltd

## Consolidated Balance sheet as at 31 March 2013

		2013	2013	2012	2012
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	15		<b>1,731,716</b>		<b>1,517,058</b>
<b>Current assets</b>					
Stocks	12	<b>61,866</b>		<b>56,477</b>	
Debtors	13	<b>550,501</b>		<b>664,356</b>	
Cash at bank and in hand		<b>6,237,825</b>		<b>5,478,156</b>	
		<b>6,850,192</b>		<b>6,198,989</b>	
<b>Current liabilities</b>					
Creditors (amounts falling due within one year)	14	<b>(4,896,757)</b>		<b>(4,194,900)</b>	
<b>Net current assets</b>					
			<b>1,953,435</b>		<b>2,004,089</b>
<b>Net assets excluding pension fund (liability)</b>					
			<b>3,685,151</b>		<b>3,521,147</b>
<b>Pension fund (liability)</b>	22	<b>(3,833,000)</b>		<b>(1,928,000)</b>	
<b>Net assets</b>			<b>(147,849)</b>		<b>1,593,147</b>
<b>Funds</b>					
Restricted funds	16		<b>278,573</b>		<b>358,645</b>
Unrestricted funds	17				
Designated fund - assets & infrastructure		<b>875,400</b>		<b>763,000</b>	
Designated fund – operational commitments		<b>153,892</b>		<b>277,573</b>	
General fund		<b>2,377,286</b>		<b>2,121,929</b>	
Unrestricted funds excluding pension reserve		<b>3,406,578</b>		<b>3,162,502</b>	
Pension reserve	22	<b>(3,833,000)</b>		<b>(1,928,000)</b>	
<b>Total unrestricted funds</b>			<b>(426,422)</b>		<b>1,234,502</b>
<b>Total funds</b>	17		<b>(147,849)</b>		<b>1,593,147</b>

The financial statements were approved and authorised for issue by the Board of Directors on and were signed on its behalf by:

**J. Logue**  
**Chair**  
**Date: 24.9.13**

# North Lanarkshire Leisure Ltd

## Company Balance sheet as at 31 March 2013

		2013 £	2013 £	2012 £	2012 £
<b>Fixed assets</b>					
Tangible assets	15		<b>1,731,716</b>		<b>1,517,058</b>
Investments	11		<b>100</b>		<b>100</b>
<b>Current assets</b>					
Stocks	12	<b>56,656</b>		<b>51,631</b>	
Debtors	13	<b>615,313</b>		<b>746,881</b>	
Cash at bank and in hand		<b>6,161,713</b>		<b>5,382,873</b>	
		<b>6,833,682</b>		<b>6,181,385</b>	
<b>Current liabilities</b>					
Creditors (amounts falling due within one year)	14	<b>(4,880,347)</b>		<b>(4,177,396)</b>	
<b>Net current assets</b>					
			<b>1,953,335</b>		<b>2,003,989</b>
<b>Net assets excluding pension fund (liability)</b>					
			<b>3,685,151</b>		<b>3,521,147</b>
<b>Pension fund (liability)</b>	22		<b>(3,833,000)</b>		<b>(1,928,000)</b>
<b>Net assets</b>			<b>(147,849)</b>		<b>1,593,147</b>
<b>Funds</b>					
Restricted funds	16		<b>278,573</b>		<b>358,645</b>
Unrestricted funds	17				
Designated fund - assets & infrastructure		<b>875,400</b>		<b>763,000</b>	
Designated fund – operational commitments		<b>153,892</b>		<b>277,573</b>	
General fund		<b>2,377,286</b>		<b>2,121,929</b>	
Unrestricted funds excluding pension reserve		<b>3,406,578</b>		<b>3,162,502</b>	
Pension reserve	22	<b>(3,833,000)</b>		<b>(1,928,000)</b>	
<b>Total unrestricted funds</b>			<b>(426,422)</b>		<b>1,234,502</b>
<b>Total funds</b>	17		<b>(147,489)</b>		<b>1,593,147</b>

The financial statements were approved and authorised for issue by the Board of Directors on and were signed on its behalf by:

**J. Logue**  
**Chair**  
**Date: 24.9.13**

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# North Lanarkshire Leisure Ltd

## Consolidated Cash flow statement for the year ended 31 March 2013

	Note	2013	2012
		£	£
Net cash inflow from operating activities	20	<b>1,465,811</b>	<b>1,430,394</b>
Returns on investments and servicing of finance			
Interest received		<b>51,248</b>	<b>56,667</b>
Interest paid		-	
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		<b>(762,669)</b>	<b>(1,031,148)</b>
<b>Increase in cash in the year</b>		<b>754,390</b>	<b>455,913</b>

# North Lanarkshire Leisure Ltd

## Notes

(forming part of the financial statements)

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and legislation. The financial statements are set out to comply with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) approved by the Accounting Standards Board and the Companies Act 2006.

The charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities.

The financial statements consolidate the results of the charity and its wholly owned subsidiary North Lanarkshire Leisure Trading CIC on a line by line basis.

#### Going Concern

The accounts are prepared on a going concern basis. The deficit of funds as at 31 March 2013 arises mainly as a result of the inclusion of retirement benefit obligations due in the future in accordance with the accounting treatment required by FRS17 Retirement Benefits. Statutory funding arrangements for the pension scheme means that the deficit will be made good by increased contributions from the Company over the remaining life of the employees, as assessed by Hymans Robertson, the independent actuary for the scheme, thus ensuring the benefits can be paid.

NLL has received notification from North Lanarkshire Council ("the Council") that it has exercised its right under clause 16A.1 of the funding agreement to extend the agreement until such point as a long-term partnership agreement is put in place. Furthermore, the Council has approved efficiency savings of £1.494m from the NLL Management Fee for the period 2013/14 to 2015/16. The preparation of the accounts on a going concern basis presupposes that the annual management fee is agreed with the Council for the period from 1 April, 2013 to 31 March, 2016, which ensures the continued financial viability of the company. At the time of approval of these accounts discussions between NLL and the Council over the level of detail in the NLC Funding Agreement remain ongoing. The directors are however satisfied therefore that a going concern basis is appropriate.

#### Funds

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

Restricted funds	Relates to specific grant income where the donor has declared what the money must be spent on. The trustees do not have the power to spend the money on any other activity although some restricted funds may be expendable at the discretion of the Board in the furtherance of a specific activity.
Unrestricted funds	This is money that is expendable by the Board in the furtherance of the objectives of the charity. If part of an unrestricted fund is ear marked for a particular project it is designated as a separate fund (see below). This designation is for administrative purposes only and does not legally restrict the trustees.
Designated funds	Part of the unrestricted fund, but ear-marked for a particular purpose. NLL has created a designated fund to support the company's investment strategy.

# North Lanarkshire Leisure Ltd

## Incoming resources

All incoming resources are included in the Statement of Financial Activities in the period in which the company is entitled to receipt. All grants under funding arrangements from local government are included on a receivable basis. Operating income, including membership fees and admission charges for use of facilities and hire of equipment is recognised in the statement of financial activities on an accruals basis.

## Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular functional activities, they have been allocated to activities on a basis consistent with the use of resources.

Charitable expenditure incurred by the company can be defined as either:

- Charitable Activities – these are costs incurred in line with the charitable objectives and include both the direct costs and support costs relating to these activities.
- Costs of Generating Funds – these are costs incurred in activities that raise funds.
- Governance Costs – these costs are the costs incurred in the governance of the charity and relate to a proportion of the Chief Executive and Financial Controller’s salaries and professional fees incurred during the year.

## Stock

Stocks held are in respect of provisions and supplies and are valued at the lower of cost and net realisable value in the ordinary course of operating.

## Operating leases

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

## Pension costs

North Lanarkshire Leisure is a member of the Strathclyde Pension Fund, a defined benefit pension scheme, administered by Glasgow City Council. The scheme is open to all employees of the Company. The expected cost to the Company in respect of pensions is charged to the income and expenditure account to spread the costs of pensions over the services lives of the employees.

As a result of the FRS17 Retirement Benefits being adopted in full, the regular service cost of providing retirement benefits to employees, the full cost or gain of providing amendments to benefits in respect of past service, income representing the expected return on assets of the fund and a cost representing the interest on the liabilities are charged to the statement of financial activities in the year.

Differences between actual and expected returns on assets during the year, together with differences arising from changes in assumptions underlying the present value of scheme liabilities and experience gains and losses arising on scheme liabilities are also recognised in the statement of financial activities. The difference between the market value of assets and the present value of liabilities is shown as a net liability on the balance sheet.

North Lanarkshire Council has guaranteed to accept liability for any unfunded costs that may arise with regard to North Lanarkshire Leisure relating to their membership of the Local Government Pension Scheme administered by Glasgow City Council.

## Fixed assets and depreciation

Assets are held at cost. The Company does not capitalise individual items with a cost of less than £500. 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 as follows:

Leasehold improvements	5 years – 25 years
Plant & equipment	3 years – 5 years

## North Lanarkshire Leisure Ltd

Furniture & fittings	5 years – 10 years
Computer equipment	3 years – 5 years

### **Taxation**

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK Corporation Tax purposes. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains applied exclusively to charitable purposes.

# North Lanarkshire Leisure Ltd

## 2. Investment income – Group and Company

	2013 £	2012 £
Bank and other interest	51,248	56,667
Other investment income – FRS 17	120,000	157,000
	<u>171,248</u>	<u>213,667</u>

## 3. Incoming resources from charitable activities – Group

	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Totals 2013 £	Totals 2012 £
Income from operating activities	(11,690,022)	-	(11,690,022)	(10,743,255)
Income from contract with North Lanarkshire Council	(10,555,106)	-	(10,555,106)	(10,944,322)
Grant Funding	-	(859,359)	(859,359)	(756,071)
Capital Grant	-	-	-	(290,000)
	<u>(22,245,128)</u>	<u>(859,359)</u>	<u>(23,104,487)</u>	<u>(22,743,648)</u>

Grant funding includes funding from, Sportscotland, Local Action Fund, Big Lottery and North & South Lanarkshire Councils as detailed in Note 16.

## 4. Incoming resources from charitable activities –Company

	Unrestricted Funds 2013 £	Restricted Funds 2013 £	Totals 2013 £	Totals 2012 £
Income from operating activities	(11,777,400)	-	(11,777,400)	(10,841,615)
Income from contract with North Lanarkshire Council	(10,555,106)	-	(10,555,106)	(10,944,322)
Grant Funding	-	(859,359)	(859,359)	(756,071)
Capital Grant	-	-	-	(290,000)
	<u>(22,332,506)</u>	<u>(859,359)</u>	<u>(23,191,865)</u>	<u>(22,832,008)</u>

Grant funding includes funding from, Sportscotland, Local Action Fund, Big Lottery and North Lanarkshire Council as detailed in Note 15.

## 5. Catering & merchandising Costs - Group

	Catering 2013 £	Merchandising 2013 £	Total 2013 £	Total 2012 £
Salaries & wages	574,690	-	574,690	639,832
Property costs	10,521	-	10,521	6,311
Supplies & services	720,738	103,166	823,904	767,221
Other expenditure	13,864	-	13,864	8,449
	<u>1,319,813</u>	<u>103,166</u>	<u>1,422,979</u>	<u>1,421,813</u>

# North Lanarkshire Leisure Ltd

## 6. Catering & merchandising Costs - Company

	Catering 2013 £	Merchandising 2013 £	Total 2013 £	Total 2012 £
Salaries & wages	574,690	-	574,690	639,832
Property costs	5,687	-	5,687	6,311
Supplies & services	634,894	103,166	738,060	705,581
Other expenditure	7,937	-	7,937	9,387
	<b>1,223,208</b>	<b>103,166</b>	<b>1,326,374</b>	<b>1,361,111</b>

## 7. Provision of service – Group and Company

	Unrestricted Funds		Restricted Funds	Totals	Totals
	Direct Costs	Support Costs			
	2013 £	2013 £	2013 £	2013 £	2012 £
Salaries & wages	12,145,174	808,990	199,599	13,153,763	13,134,956
Property Costs	4,125,522	70,355	10,633	4,206,510	3,871,717
Supplies & services	1,167,143	344,482	55,442	1,567,067	1,387,120
FRS17 Costs	(103,000)	-	-	(103,000)	(122,000)
Other Expenditure	2,085,488	1,808,049	673,757	4,567,294	4,065,909
	<b>19,420,327</b>	<b>3,031,876</b>	<b>939,431</b>	<b>23,391,634</b>	<b>22,337,702</b>

## 8. Allocation of Support Costs

	Operations	Catering	Sports Development	Total	Basis of Allocation
	2013 £	2013 £	2013 £	2013 £	
Management	2,031,770	110,542	109,345	2,251,657	Employee Numbers
Finance	294,148	22,303	9,098	325,549	Budget
IT	200,009	6,711	14,774	221,494	Number of PC's
Human Resources	210,405	11,447	11,324	233,176	Employee Numbers
Total	<b>2,736,332</b>	<b>151,003</b>	<b>144,541</b>	<b>3,031,876</b>	

## 9. Governance costs – Group and Company

	2013 £	2011 £
Allocation of staff and support costs	29,071	32,500
Internal Audit Fees	9,414	9,414
Audit fees		
Audit of these financial statements	16,600	14,000
Tax Legislation	12,243	12,125
Other professional fees and costs	78,545	139,206
	<b>145,873</b>	<b>207,245</b>

# North Lanarkshire Leisure Ltd

## 10. Staff numbers and costs

The remuneration and associated costs of the company were:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Wages & salaries	<b>11,860,871</b>	<b>11,884,379</b>
Social security costs	<b>668,651</b>	<b>690,580</b>
	<b>12,529,522</b>	<b>12,574,959</b>
Pension costs		
Current Service Cost	<b>1,252,000</b>	<b>1,298,000</b>
Credit in relation to business combination	-	<b>(107,000)</b>
Past Service credit	-	-
	<b>13,781,522</b>	<b>13,765,959</b>

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

	<b>2013</b>	<b>2012</b>
	<b>Number</b>	<b>Number</b>
£90,000 - £100,000	<b>1</b>	<b>1</b>

Other than Trustees Indemnity Insurance only one member of the Board received expenses from North Lanarkshire Leisure in their capacity as Directors (2011/12 two). These were in relation to travel costs and parking while attending conferences and meetings on behalf of the company and amounted to £1,188 (2011/12 £730.80 & £365.82). Board Directors are eligible for discounted membership of the AccessNL gym membership scheme operated by NLL and 7 directors have taken advantage of this opportunity at no cost to the company.

Three Board members were employed by the Company and received remuneration and pension as employees totalling £110,644 during 2012/13 which is split £53,495, £17,792 and £39,357 and can be broken down as follows:

	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Salary	41,823	4,236	25,612	4,233	26,047
Overtime	-	12,271	5,803	14,098	3,469
Contractual Overtime	-	-	-	-	3,010
Other Pay Items	-	-	-	-	163
Pension	8,071	-	5,522	-	5,521
National Insurance Contributions	3,601	1,285	2,420	1,550	2,518
Car Allowances	-	-	-	-	-
Total	<b>53,495</b>	<b>17,792</b>	<b>39,357</b>	<b>19,881</b>	<b>40,728</b>

# North Lanarkshire Leisure Ltd

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

	<b>2013 Number</b>	<b>2012 Number</b>
Administration staff	<b>213</b>	<b>204</b>
Leisure staff	<b>219</b>	<b>225</b>
Sessional staff	<b>175</b>	<b>159</b>
Total	<b><u>607</u></b>	<b><u>588</u></b>

## 11. Trading Subsidiary

A trading subsidiary, North Lanarkshire Leisure Trading CIC Limited, was established on 18 September 2009 to conduct the conferencing and banqueting business carried out at Broadwood Stadium as well as events such as Championship Snooker and Darts at Ravenscraig. The share capital of the trading company, to a nominal value of £100, is held entirely by North Lanarkshire Leisure Limited.

The incoming resources and expenses of the subsidiary are disclosed within the consolidated accounts. The trading surplus for 2011/12 has been gifted to NLL.

A summary of the results of the subsidiary are shown below:

	<b>2013 £</b>	<b>2012 £</b>
Turnover	<b>183,983</b>	<b>159,062</b>
Administrative expenses	<b>(155,282)</b>	<b>(144,525)</b>
Other operating income	-	-
OPERATING PROFIT	<b><u>28,701</u></b>	<b><u>14,537</u></b>
Gift aid donation to North Lanarkshire Leisure Limited	<b>(28,701)</b>	<b>(14,537)</b>
NET RESULT	<b><u>-</u></b>	<b><u>-</u></b>

The assets and liabilities of the subsidiary were:

	<b>2013 £</b>	<b>2012 £</b>
Assets	<b>116,072</b>	<b>115,964</b>
Liabilities	<b>(115,972)</b>	<b>(115,864)</b>
Funds	<b><u>100</u></b>	<b><u>100</u></b>

The liability represents the gift aid to North Lanarkshire Leisure Limited.

## 12. Stock

	<b>Group 2013 £</b>	<b>Company 2013 £</b>	<b>Group 2012 £</b>	<b>Company 2012 £</b>
Stock	<b><u>61,866</u></b>	<b><u>56,656</u></b>	<b><u>56,477</u></b>	<b><u>51,631</u></b>

# North Lanarkshire Leisure Ltd

## 13. Debtors

	Group	Company	Group	Company
	2013	2013	2012	2012
	£	£	£	£
Trade Debtors	106,055	99,556	106,564	98,644
Amounts due from related party	77,932	76,485	82,366	80,784
Prepayments and accrued income	378,698	339,711	475,426	469,093
Due from Group Company	-	99,561	-	98,360
	<u>562,685</u>	<u>615,313</u>	<u>664,356</u>	<u>746,881</u>

## 14. Creditors: amounts falling due within one year

	Group	Company	Group	Company
	2013	2013	2012	2012
			£	£
Bank overdraft	(317,044)	(315,761)	(311,763)	(311,763)
Trade creditors	(952,192)	(943,968)	(741,854)	(732,809)
Other taxes and social security costs	(653,621)	(653,621)	(785,860)	(779,897)
Amount due to related party	(589,481)	(589,481)	(346,532)	(346,532)
Other Creditors and Accruals & Deferred Income (note 18)	(2,384,419)	(2,377,516)	(2,008,891)	(2,006,395)
	<u>(4,896,757)</u>	<u>(4,880,347)</u>	<u>(4,194,900)</u>	<u>(4,177,396)</u>

## 15. Tangible fixed assets (Group and Company)

	Leasehold Improvements	Furniture & Fittings	Plant & Equipment	Computer Equipment	Total Assets
	£	£	£	£	£
Cost at 1 April 2012	1,411,001	228,504	1,028,861	121,841	2,790,207
Additions	436,862	-	50,785	275,022	762,669
Disposals	(5,684)	(16,079)	(14,402)	(1,977)	(38,143)
Gross book value as at 31 March 2013	<u>1,842,179</u>	<u>212,425</u>	<u>1,065,244</u>	<u>394,886</u>	<u>3,514,733</u>
Depreciation at 1 April 2012	504,461	146,721	569,262	52,705	1,273,149
Depreciation provided for year	226,030	38,357	173,493	98,765	536,645
Depreciation on disposals	(5,684)	(9,752)	(10,297)	(1,043)	(26,776)
Cumulative depreciation as at 31 March 2013	<u>724,807</u>	<u>175,326</u>	<u>732,458</u>	<u>150,427</u>	<u>1,783,018</u>
<b>Net book value as at 31 March 2013</b>	<u><u>1,117,372</u></u>	<u><u>37,099</u></u>	<u><u>332,786</u></u>	<u><u>244,459</u></u>	<u><u>1,731,716</u></u>
<b>Net book value as at 31 March 2012</b>	<u><u>906,540</u></u>	<u><u>81,783</u></u>	<u><u>459,599</u></u>	<u><u>69,136</u></u>	<u><u>1,517,058</u></u>

# North Lanarkshire Leisure Ltd

## 16. Restricted funds (Group and Company)

	Internal Growth Fund for Events	Scottish Handball & Scottish Rugby	Event Scotland	North Lanarkshire Council	NHS & ADP	Dept for Works & Pensions	European Commission	Tennis Scotland	Capital Grant	Total
Balance as at 1 April 2012	-	-	-	-	-	-	-	-	358,645	358,645
Income	21,000	25,000	10,000	304,900	470,455	19,384	4,620	4,000	-	859,359
Expenditure	(21,000)	(25,000)	(10,000)	(304,900)	(470,455)	(19,384)	(4,620)	(4,000)	(80,072)	(939,431)
Balance as at 31 March 2013	-	-	-	-	-	-	-	-	278,573	278,573

**Internal Growth Fund:** Funding allocated from Growth to support events during the year

**Scottish Handball Association - £15,000:** Funding to support the provision of the Handball Development Officer post.

**Scottish Rugby Union - £10,000:** Funding to support the provision of the Rugby Development Officer post.

**Events Scotland:** Funding to allow NLL to host the "Countdown to the Games" event at Broadwood Stadium.

**North Lanarkshire Council:** funding received from NLC to support the Saturday Sports scene project which provides diversionary activities across 5 sites in North Lanarkshire, as well as providing, through Social Work Services, the opportunity for target client groups to attend facilities through the purchase of Access NL Membership Cards. Funding was also provided to support the Tennis and Nutrition programme for school children as well as a contribution to the volleyball event held in April 2012.

**NHS Lanarkshire - £440,454:** funding to support a number of initiatives over the 3 year period 2011-2014. The areas they have chosen to support take a holistic approach to health and look at prevention, rehabilitation and inclusion as key aspects to reaching goals and outcomes.

**Lanarkshire Alcohol & Drugs Partnership - £30,000:** Funding to deliver the Tower project which takes the Soccer Arena out to two specific towers in Motherwell and Airdrie to address some of the issues of isolation which can stem from living in these areas.

**Department for Works & Pensions:** funding received for the Future Jobs Fund project which assists 18-24 year olds who have been out of work for 39 - 50 weeks in entering the job market to enhance their skills and work experience for a period of 6 months.

**European Commission:** funding with the aim of gathering best practices to establish benchmarks for volunteering in sport.

**Tennis Scotland:** funding received to support participation in tennis by delivering a tennis & nutrition programme to school children in the Motherwell & Wishaw area.

**Capital Grant:** £148,718 b/fwd from 2010/11 for Gym Equipment at Broadwood. In 2011/12 £225,000 was received from SportsScotland, £30,000 from Viridor & £20,000 from R&A towards funding improvements at Lochview. A further £15,000 was received from SportsScotland towards pool timing equipment at Sir Matt Busby Sports Complex. This is being recognised to match the depreciation on these projects over the remaining useful life of the equipment. No capital grant was received in 2012/13.

# North Lanarkshire Leisure Ltd

## 17. Movement in reserves (Group and Company)

	Unrestricted Fund		Restricted Fund	Pension Reserve	Total Funds
	Designated Fund	General Fund			
	£	£	£	£	£
Opening reserves at 1 April 2012	1,040,573	2,121,929	358,645	(1,928,000)	1,593,147
Transfer					
Add surplus for the period	(11,281)	255,357	(80,072)	-	164,004
Transfer between funds	-	-	-	223,000	223,000
Actuarial loss for the period	-	-	-	(2,128,000)	(2,128,000)
Reserves at 31 March 2013	<b>1,029,292</b>	<b>2,377,286</b>	<b>278,573</b>	<b>(3,833,000)</b>	<b>(147,849)</b>

## 18. Analysis of net assets between funds - Group

	Unrestricted Funds		Restricted Funds	Totals
	General	Designated		
	2013	2013	2013	2013
	£	£	£	£
<b>Fund balances at 31 March 2012 are represented by:</b>				
Tangible fixed assets	1,731,716	-	-	1,731,716
Current assets	5,542,327	1,029,292	278,573	6,850,192
Current liabilities	(4,896,757)	-	-	(4,896,757)
Pension Fund Liability	(3,833,000)	-	-	(3,833,000)
	<b>(1,455,714)</b>	<b>1,029,292</b>	<b>278,573</b>	<b>(147,849)</b>

## 19. Analysis of net assets between funds - Company

	Unrestricted Funds		Restricted Funds	Totals
	General	Designated		
	2013	2013	2013	2013
	£	£	£	£
<b>Fund balances at 31 March 2012 are represented by:</b>				
Tangible fixed assets	1,731,716	-	-	1,731,716
Investments	100	-	-	100
Current assets	5,525,817	1,029,292	278,573	6,833,682
Current liabilities	(4,880,347)	-	-	(4,880,347)
Pension Fund Liability	(3,833,000)	-	-	(3,833,000)
	<b>(1,455,714)</b>	<b>1,029,292</b>	<b>278,573</b>	<b>(147,849)</b>

## 20. Notes to the cash flow statement

(a) Reconciliation of net income for the year to net cash inflow from operating activities

	2013	2012
	£	£
Net income for the year	387,004	808,887
Depreciation charge and loss on disposal	548,012	445,655
Interest received	(51,248)	(56,667)
Interest paid	-	-

# North Lanarkshire Leisure Ltd

(Add Back) / Deduct FRS 17	(223,000)	(279,000)
(Increase)/Reduction in stocks	(5,388)	36,841
Reduction / Increase in debtors	113,855	66,932
Increase/(Reduction) in creditors	696,576	407,746

<b>Net cash inflow from operating activities</b>	<b>1,465,811</b>	<b>1,430,394</b>
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(b) *Reconciliation of net cash flow to movement in net debt*

	<b>2013</b>	<b>2011</b>
	£	£
Increase in cash in the year	754,390	455,913
Net funds at start of year	5,166,354	4,710,441
<b>Net funds at end of year</b>	<b>5,920,744</b>	<b>5,166,354</b>

(c) *Analysis of net funds*

	At beginning of year	Cash flows	Other non cash changes	At end of year
	2013	2013	2013	2013
	£	£	£	£
Cash at bank and in hand	5,478,156	759,669	-	6,237,825
Bank overdrafts	(311,802)	(5,279)	-	(317,081)
<b>Net funds at end of year</b>	<b>5,166,354</b>	<b>754,390</b>	<b>-</b>	<b>5,920,744</b>

## 21. Commitments

(a) *Annual commitments under non-cancellable operating leases are as follows:*

	Land & Buildings	Other	Total	Total
	2013	2013	2013	2012
	£	£	£	£
Operating leases which expire:				
In the first year	-	-	-	-
In the second to fifth years inclusive	-	362,483	362,483	365,321
	-	362,483	362,483	365,321

(b) *Capital commitments*

	<b>2013</b>	<b>2012</b>
	£	£
Capital commitment at the end of the year for which no provision has been made, are as follows:		
Contracted	<b>700,400</b>	<b>540,000</b>

## 22. Pension scheme

Certain of the Company's employees belong to the Strathclyde Pension Fund which is part of the Local Government Pension Scheme (LGPS), of which the Company is an admitted body. This is a defined benefit scheme that provides benefits based on the final pensionable salary, the assets of which are held in a separate trustee administered fund. In accordance with

# North Lanarkshire Leisure Ltd

FRS17 – Retirement Benefits the Company is required to disclose certain information relating to the scheme. The recognition and measurement requirements of FRS17 have been adopted within the accounts.

The last full actuarial valuation was carried out as at 31 March 2011. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2013 using the following assumptions.

	2013	2012
Inflation assumption	2.8%	2.5%
Rate of increase in salaries	5.1%	4.8%
Rate of increase in pensions in payment	4.5%	5.8%
Discount rate	4.5%	4.8%

Post Retirement Mortality	Males	Females	Males	Females
Current Pensioners	21.0 years	23.4 years	21.0 years	23.4 years
Future Pensioners	23.3 years	25.3 years	23.3 years	25.3 years

The Fair value of employer assets are:

	2012	2011
	£	£
Equities	18,916,000	15,637,000
Bonds	3,484,000	2,234,000
Property	1,742,000	1,422,000
Cash	747,000	1,015,000
Total	<u>24,889,000</u>	<u>20,308,000</u>

The amounts recognised in the balance sheet are as follows:.

	2013	2012
	£	£
Present value of funded obligations	(28,722,000)	(22,236,000)
Fair value of plan assets	24,889,000	20,308,000
Net (Liability)	<u>(3,833,000)</u>	<u>(1,928,000)</u>

Changes in the present value of the defined benefit obligation are as follows:

	2013	2012
	£	£
<b>Defined Benefit Plans</b>		
Operating defined benefit contribution	22,236,000	17,823,000
Service cost	1,137,000	1,216,000
Interest cost	1,100,000	1,085,000
Contribution by Members	370,000	384,000
Actuarial (Gains) / Losses	4,020,000	567,000
Past service costs	-	-
Losses/(Gains) on Curtailments	115,000	82,000
Liabilities Assumed in a Business Combination	-	1,248,000
Benefits Paid	(256,000)	(169,000)
Closing defined benefit obligation	<u>28,722,000</u>	<u>22,236,000</u>

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## Changes in the fair value of plan assets are as follows:

	2013 £	2011 £
<b>Defined Benefit Plans</b>		
Opening plan assets	20,308,000	16,007,000
Expected return	1,220,000	1,242,000
Actuarial gains / (losses)	1,892,000	176,000
Contributions by employer	1,355,000	1,313,000
Contributions by members	370,000	384,000
Assets Acquired in a Business Combination	-	1,355,000
Benefits paid	(256,000)	(169,000)
	<u>24,889,000</u>	<u>20,308,000</u>
Closing plan assets		

## The amounts recognised in statement of financial activities are as follows:

	2012 £	2011 £
Current service cost	1,137,000	1,216,000
Interest on obligation	1,100,000	1,085,000
Expected return on plan assets	(1,220,000)	(1,242,000)
Losses/(Gains) on Curtailments and Settlements	115,000	82,000
Past service costs	-	(107,000)
Total	<u>1,132,000</u>	<u>1,034,000</u>

## The history of experience gains and losses are as follows:

	2013 £	2012 £	2011 £	2010 £	2009 £	2008 £
Difference between the expected and actual return on assets	1,892,000	176,000	95,000	(2,971,000)	(3,934,000)	(1,166,000)
Value of assets	24,889,000	20,308,000	16,007,000	13,626,000	9,164,000	11,572,000
Percentage of Assets	7.6%	0.90%	0.60%	(21.80)%	(42.90)%	(10.10)%
Experience gains / (losses) arising on the scheme liabilities	5,000	416,000	-	-	679,000	10,165,000
Present value of liabilities	28,722,000	22,236,000	17,823,000	20,084,000	9,828,000	10,165,000
Percentage of the present value of liabilities	0.00%	1.90%	0.00%	0.00%	6.90%	0.0%
Actuarial (losses) / gains recognised in SOFA	(2,128,000)	(391,000)	3,177,000	(5,748,000)	(2,153,000)	1,888,000
Present value of liabilities	28,722,000	22,236,000	17,823,000	20,084,000	10,165,000	10,165,000
Percentage of the present value of liabilities	-7.4%	-1.80%	17.80%	(28.60)%	(21.20)%	18.60%

## North Lanarkshire Leisure Ltd

The projected pension expense for the year to 31<sup>st</sup> March 2014 will be approximately £1,180,000.

### **23. Related party transactions**

North Lanarkshire Council, the sole member of NLL, made a contribution as per the service specification of £10,555,106 (2012 - £10,944,322) to the Company and leased the facilities occupied by the Company for a peppercorn rent. In addition, the Council provided various administrative, financial, internal audit and IT services for which the company was charged £407,894 (2012 - £408,347).

At 31 March 2012 the Company owed the Council £589,480 (2012 - £346,532) and the Council owed the Company £77,932 (2012 - £82,366).

Five directors of the Company were members of North Lanarkshire Council during the period ended 31 March 2013, these being J Logue, J Smith, J Robertson, J Taggart and A Clinch.