

Fife Sports & Leisure Trust Limited
(a company limited by guarantee)

**Report and accounts for the
year ended 31 March 2014**

Registered number SC336004

Charity number SC039464

Fife Sports & Leisure Trust Limited

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Chairman's Introduction

I have pleasure in introducing the sixth Annual Report for Fife Sports and Leisure Trust Limited.

In reflecting on this year, I am reminded that we live in a society where there is a growing focus on increasing the quality of life of local communities and the personal, social and health benefits which can be derived from participation in sport and physical activity. What makes Fife Sports and Leisure Trust stand out from its competitors is its ability to deliver on key policy agendas at a local and national level to support the delivery of national priorities and crosscutting policies aimed at improving both the health and wellbeing of Fife's communities and encouraging active citizenship.

I am, therefore, delighted to report achievements across a range of business activities which have included an increase in attendances at sport and leisure facilities and the successful delivery of sport, recreation and health and wellbeing programmes, not only within our own facilities but within community venues.

Delivering a high quality customer service was critical to improving our performance throughout the year and delivering increased customer satisfaction levels. I would like to pay tribute to the excellent work of all the staff for their contribution and commitment in making 2013/14 a major success. Our people are our most valuable resource and directly contributed to the day to day running of the organisation.

I would also like to thank Ed Watson, our Chief Executive, and his extended management team for their professionalism and foresight in delivering services which have brought about so many benefits to individuals, community groups and partner organisations across Fife.

It has been a pleasure to Chair the Board of Directors and I would like to thank my fellow Trustees for their continued support and commitment in making Fife Sports and Leisure Trust not only an effective and successful organisation but a "brand" which is recognised and appreciated by so many people.

I would also like to give special thanks to Fife Council, our sole member, partner organisations and our valued customers for their continuing loyalty and support and whose efforts I acknowledge and greatly appreciate.

Fife Sports and Leisure Trust has continued to build and expand over its six years of operation and has established itself as the leading provider of sport and leisure services in Fife. I am excited about our future and believe we will continue to attract existing and new customers to the facilities and services which we manage on behalf of the local authority.

T Ritchie Campbell
Chair, Fife Sports and Leisure Trust

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Foreword from the Chief Executive

I am pleased to bring forward Fife Sports and Leisure Trust's Annual Report and Accounts for the financial year 2013/14.

Since 2008 Fife Sports and Leisure Trust has been responsible for the management and operation of 13 sport and leisure centres on behalf of Fife Council. Over that period the Trust has successfully delivered a well managed, high quality service so that our customers can participate in sport and recreation as part of a physically active and healthy lifestyle.

2013/14 was an extremely successful year for Fife Sports and Leisure Trust and with this in mind, I would like to thank the staff, management and Board for their commitment, enthusiasm and support in delivering excellent customer service to the communities of Fife.

The performance of our sport and leisure centres was extremely strong with over 2.4 million visits recorded, an increase of 13.6% compared to the previous year. The opening of the Michael Woods Sports and Leisure Centre in Glenrothes and the new leisure centre in Kirkcaldy were valuable assets for Fife and attracted a wide range of users including community clubs and partner organisations. All three of the Trust's key attendance categories were up with wetside recording an increase of 4.5%, dryside 22% and outdoor 21%. In addition, all user group categories recorded increases with over 60's showing an impressive 58% rise with 111,446 visits, an increase of 40,943. The 18 – 60 year old category recorded 1,506,902, an increase of 165,867 a 12% growth, and, the under 18's category recorded 785,300 attendances, 81,998 up on the previous year, an increase of over 11%.

Other significant achievements recorded during the year were the creation of 32 new staff posts for the Michael Woods and Kirkcaldy facilities, Duloch Leisure Centre in Dunfermline welcoming its one millionth visitor and strong participation levels for two youth programmes which gave discounted access to 12 – 17 year olds on Friday and Saturday evenings at Carnegie Leisure Centre and Michael Woods Sports and Leisure Centre.

Other initiatives to encourage young people to participate in sport and physical activity proved successful with the Trust's Quid-a-Kid weekend initiative, giving juniors aged 17 and under the chance to play racquet sports for £1. In addition, the reintroduction of free summer swimming for juniors recorded over 62,000 attendances at nine pools across the region. Both initiatives were helped with additional funding from Fife Council.

The Trust's membership scheme, Leisure Active, continued to provide affordable access to sport and leisure facilities and attracted 4,000 new members, an increase of 60% compared to the previous year.

The Health and Physical Activity Team continued its commitment to improving the health and wellbeing of communities across Fife, particularly those living with long term health conditions. Active Options 2, our referral based programme, recorded more than 25,000 visits with over 60 health and wellbeing classes delivered from centres as well as community facilities. Move More Fife, a physical activity programme for people who are undergoing or who have completed cancer treatment, was officially launched by Michael Matheson, MSP, Minister for Public Health, at the Michael Woods Sports and Leisure Centre.

The hard work and dedication of staff at the Trust was recognised through the coveted Committed to Excellence Award which was accepted by myself at the Scottish Awards for Business Excellence organised by Quality Scotland. The Trust was quoted as being a prime example of how a commitment to sustaining business excellence can bring about transformational change to an organisation in relation to its staff development and best practice programmes.

Ed Watson
Chief Executive, Fife Sports and Leisure Trust

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Board of Directors report

The Directors have pleasure in submitting their annual report and accounts for the year ended 31 March 2014. The accounts comply with the Articles of Association of the Company and the recommendations of the Statement of Recommended Practice and Accounting and Reporting by Charities and current statutory requirements.

Reference and Administrative details:

Charity number SC039464

Company number SC336004

Registered office Music Institute
East Port
Dunfermline
KY12 7JA

Directors T R Campbell (Chairperson)
J Rosiejak (Vice Chairperson)
B Livingston
S C Stewart
E L Wallace
K Punler
K Murphy (Appointed 30th January 2014)
A Callaghan
L Erskine
B Goodall
P Lockhart
W K Dunbar
D C Watt

Chief Executive E A Watson

Secretary G S Rorrison

Independent Auditors Henderson Loggie
Royal Exchange
Panmure Street
Dundee
DD1 1DZ

Solicitors Burness Paull
50 Lothian Road
Edinburgh
EH3 9WJ

Bankers Royal Bank of Scotland
Glenrothes Branch
3 Falkland Gate
Kingdom Centre
Glenrothes
KY7 5NS

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Board of Directors report (continued)

Governance, Structure and Management

Company Profile

Fife Sports & Leisure Trust Limited is a Company limited by guarantee, registered in Scotland on 10th January 2008 with Company number SC336004. The Company is governed by its Articles of Association, and does not have a share capital. Fife Council is the sole member of the Company. The Company has charitable status under Section 505 of the Income and Corporation Taxes Act 1988 and the Scottish Charity Number is SC039464. The Company was granted charitable status on 28th March 2008 and commenced trading on 1st April 2008. Any surpluses generated by the Company are reinvested to improve the facilities and services which are provided to the communities in Fife.

Corporate Strategy 2014/17 - Long term Outcome

“FSLT to be recognised and valued by all for its service provision”

Mission

Providing opportunities for customers to enjoy regular participation in sport and recreation as part of a physically active lifestyle.

Objects and Activities

The charitable objects of Fife Sports and Leisure Trust are recognised by the Office of the Scottish Charity Regulator (OSCR) under the Charity and Trustee Investment (Scotland) Act 2005.

The Company’s charitable objects are in line with the provisions of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

The most recent Articles of Association were lodged with OSCR and accepted by them on 7th July 2011.

The charitable objects of the Company are:

- To advance public participation in sport, primarily within the local authority area of Fife Council (“the Operating Area”);
- To provide recreational facilities, and organise recreational activities, primarily within the Operating Area, with such facilities/activities being made available to members of the public at large with the object of improving their conditions of life;
- To advance education, primarily within the Operating Area, in particular in relation to sports, active recreation and physical activity;
- To advance health, primarily within the Operating Area, and in particular through sports, active recreation and physical activity;
- To advance citizenship and or/community development, in particular, within the Operating Area;
- To relieve those in need by reason of age, ill health, disability, financial hardship or other disadvantage;

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Board of Directors report (continued)

- To promote, establish, operate and/or support other similar schemes and projects which further charitable purposes.

Directors

In terms of the Company's Articles of Association, the maximum number of Directors shall be 13; out of that number:

- A maximum of 6 Directors shall be Partner Directors – Partner Directors can be drawn from elected members, officers or employees of Fife Council;
- A maximum of 7 Directors shall be Independent Directors – Independent Directors are typically drawn from representatives of local business, communities, the sporting sector and centre users. They must not be elected representatives, officers or employees of Fife Council or employees of Fife Sports and Leisure Trust;
- The list of current Directors is noted on page 3.

Policies and Procedures for Induction and Training of Directors

In accordance with the Company's Articles of Association, Fife Council as the sole member is responsible for the appointment of new Directors. As new Directors join the Board, they receive a full induction aimed at familiarising them with their role and legal responsibilities under charity and company law. This includes a meeting with the Chair and CEO, receiving copies of corporate documents eg policies, corporate strategy etc and visits to sports and leisure centres to tour buildings and meet staff. The induction programme is continually reviewed and amended in light of any changes.

Board Structure

The Board of Directors meet on six occasions throughout the year. These meetings are held with senior management representatives to consider the business of the Company.

Three Committees meet in the periods between Board Meetings to consider items of business and to make formal recommendations to the full Board of Directors.

Board Committees exist in the following areas:

- Human Resources Committee – to deliberate on human resource and policy matters.
- Audit and Finance Committee – to consider the financial aspects of the Company
- Business and Operations Committee – to monitor the performance of the Company and to consider infrastructure issues and business development initiatives

In addition there exists an Appointments and Remunerations Committee which is to be responsible for the appointment process for the Chief Executive's position and to assist in the recruitment of Directors. A Nominations Committee also exists to deal with the selection of the Chair and Vice Chair of the Board.

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Board of Directors report (continued)

Services Specification

The Company provides sports and leisure services on behalf of Fife Council under the terms of a services agreement. This is a detailed specification which is used to measure our performance.

The Company is required to deliver on specific aims and objectives under three separate but linked strategic priorities:

- **Widening Opportunities**

Widening Opportunities is the level of participation in sport and active recreation that is experienced by the majority. It happens at the grass roots, where people take part in physical activity simply for fun and enjoyment or to improve their health and fitness.

- **Developing Potential**

Developing Potential is a process that creates opportunities and pathways which allows individuals to take up and fulfil their potential in sport. It is not just concerned with elite athletes, but recognises that the opportunities to progress are important in sustaining the interest and enjoyment which will encourage people of all ages and abilities to maintain a long term involvement with sport.

- **Resources for Sport**

The Company is committed to the ongoing development of sport and active recreation through the provision of good quality, adequately resourced facilities and services that meet the needs and aspirations of both residents and visitors to Fife. It is evident that any progress in developing sport and active recreation in Fife will be dependant on the physical, human and financial resources which are made available by a number of public, private and voluntary sector agencies, but most importantly by Fife Council and the Company.

Sport and Leisure Facilities

The Company is responsible for the operation and management of the following facilities:

Beacon Leisure Centre
Lammerslaws Road
Burntisland, KY3 9BS

East Sands Leisure Centre
St Mary Street
St Andrews, KY16 8LH

Bowhill Swimming Pool
141 Station Road, Bowhill
Lochgelly, KY5 0BW

Michael Woods Sports and Leisure Centre
Viewfield Road
Glenrothes, KY6 2RB

Carnegie Leisure Centre
Pilmuir Street
Dunfermline, KY12 0QE

Kirkcaldy Leisure Centre
Esplanade
Kirkcaldy, KY1 1HR

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Board of Directors report (continued)

Cowdenbeath Leisure Centre
7 Pit Road
Cowdenbeath, KY4 9NN

Levenmouth Swimming Pool and
Sports Centre
Promenade
Leven, KY8 4PA

Cupar Sports Centre
Carslogie Road
Cupar, KY15 4HY

Pitreavie Athletics Centre
Queensferry Road
Dunfermline, KY11 8PP

Dalgety Bay Sports and Leisure
Centre
Harbour Drive
Dalgety Bay, KY11 9NA

Waterstone Crook Sports Centre
Kirk Brae
Newport on Tay, DD6 8HY

Dulloch Leisure Centre
Nightingale Place
Dunfermline, KY11 8LW

Executive Management Team

The Executive Management Team has responsibility for the overall management and development of the Company's activities. The Management Team comprise of:

Chief Executive
Chief Operating Officer
Corporate Services Manager
Human Resources Manager

Ed Watson
Wendy Watson
Glen Rorrison
Lana Turnbull

Senior Management Team:

The Senior Management Team is responsible for leading key aspects of the business.

The Senior Team comprise of:

Operations Manager (Sport and Leisure Centres)
Health and Physical Activity Manager
Business Improvement Manager
Safety and Facilities Manager
Sales and Membership Manager
Area Leisure Managers

Sam Wilson
Jacquie Stringer
Rob Adamson
Martin Rae
Danielle Gahan
Bill Don
Andrew Stewart
Scott Urquhart
James Dunbar
Sharon Johnstone

Facility Support Managers

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Board of Directors report (continued)

Strategic Report which includes

Performance and Achievements

This section of the Annual Report and Accounts summarises key areas of work and achievements undertaken during 2013/14. The list is not exhaustive however it highlights progress against a range of business headings and functions. In recognising the role FSLT has in creating an environment for improved health and wellbeing, a significant element of reporting has been apportioned to work that supports and delivers national and local health priorities.

Attendances

Attendances at FSLT's sports and leisure centres increased by 13.66% with a total of 2,403,648 visits recorded, an increase of 288,808 compared to the previous year. All three of the Trust's key attendance categories recorded an increase: wetside up by 44,018, an increase of 4.50%; dryside up by 209,903, an increase of 22.04% and outdoor, an increase of 34,740, up by 21.32%.

User group attendances also increased in all categories, most notably the Over 60s which recorded a 58.07% increase with 111,446 visits recorded, an increase of 40,943. The 18 – 60 category recorded 1,506,902, an increase of 165,867, a 12.37% increase and the under 18's category recorded 785,300 attendances, an increase of 81,998, an increase of 11.66%.

Attendances at the "Future of Leisure" buildings (Carnegie Leisure Centre; Kirkcaldy Leisure Centre and Michael Woods Sports and Leisure Centre) were 1,111,221. This equated to 46% of the total number of visits recorded at leisure centres throughout Fife.

1,646 attendances were recorded for FSLT's Talented Sports Performer Scheme. This was an increase of 188 compared to the previous year, an increase of 11.42%. The Talented Sports Performer Scheme provides talented performers with discounted access for training in sports and leisure facilities operated by the Trust. The overall aim is for talented sports performers to be developed to their full potential and for World class performance to be achieved.

Leisure Active Membership Scheme

The Leisure Active Membership Scheme performed solidly throughout the year with 10,812 memberships recorded at 31st March 2014. This was an increase of 4,012 compared to the same period in March 2013, an overall increase of 60%. The membership scheme was used to promote the key messages on health and physical activity to existing and potentially new customers.

Leisure Active attendances at sport and leisure centres increased by 35.93% with 734,342 visits recorded during 2013/14, an increase of 194,114 compared to the previous year. Of the 10,812 memberships 4,519 were Corporate members, an increase of 1,919 compared to previous year.

The opening of Kirkcaldy Leisure Centre and the Michael Woods Sports and Leisure Centre, Glenrothes were contributing factors towards the growth of the membership scheme.

Sport and Leisure Centres

The Michael Woods Sports and Leisure Centre in Glenrothes and the new Kirkcaldy Leisure Centre opened during the year after an extended period of refurbishment and construction. Both facilities proved to be extremely popular within their local communities with customer reaction

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Board of Directors report (continued)

overwhelmingly positive. 23 new posts were created at the Michael Woods facility and 9 at the new Kirkcaldy Leisure Centre.

During the year Duloch Leisure Centre, Dunfermline welcomed its one millionth visitor.

A programme aimed at encouraging 12-17 year olds in West Fife to become more active was launched in January 2014 in partnership with Fife Council. The initiative, “Friday Youth” takes place at Carnegie Leisure Centre, Dunfermline on Friday evenings between 7.30pm and 10.00pm and provides opportunities for young people to participate and try out new sports and health activities. The programme also provides a great social and fun environment for young people. Attendances average between 70 – 100 per session.

A similar programme was re-introduced at the Michael Woods Sports and Leisure Centre following the closure of FIPRE. The initiative known as “Step” provides opportunities for young people aged 12 – 17 to access affordable sport and leisure activities on a Saturday evening between 6.30pm and 9pm. Attendances average between 100 – 120 per session.

“Quid a Kid”, a FSLT initiative which gives young people aged 17 and under the opportunity to swim and play racquet sports for £1 during school holidays, was extended to weekends as a result of £50,000 investment from Fife Council. The initiative provides affordable access to leisure facilities across Fife and is at the heart of FSLT’s drive to engage more young people with physical activity at an early stage. 91,231 attendances were recorded, an increase of 4,456 compared to the previous year, an increase of 5%.

A unique land-based training programme was officially launched at Pitreavie Athletics Centre – the first of its kind in Scotland. The specially designed programme offers the next generation of performance swimmers dry-land training to complement their sessions in the swimming pool.

Free Summer swimming for young people was re-introduced, thanks to an additional £70,000 funding from Fife Council, and 62,737 attendances were recorded at nine swimming pools across Fife.

A new specialist Fitness Co-ordinator’s post was created to help improve service delivery and grow the health and fitness market within sport and leisure centres. Work commenced on the development of a strategy to increase income and usage from fitness classes which take place at sport and leisure centres.

There were a total number of 391 new activities offered for adults and young people at sport and leisure centres. 146 were for adults and 245 for young people. Of the total number of new activities 14 were initiated from customer requests, 364 from management and 13 from partners. Of the total number of new adult activities, 76% were initiated at the Michael Woods Sports and Leisure Centre and the Kirkcaldy Leisure Centre with new young people initiatives accounting for 89% at these facilities.

Health and Physical Activity Programmes

FSLT’s Health and Physical Activity Team continued its commitment to improve the life condition of the people in Fife and delivered a range of FSLT programmes aimed at promoting recovery or encouraging more active lifestyle options to reduce the prevalence of health risks brought about by physical inactivity. The following initiatives took place:

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Board of Directors report (continued)

The Cardiac Rehabilitation Programme – Phase IV operated in its 13th year and provided a range of services to aid recovery after a person has a cardiac incident. 173 referrals were received from NHS Fife. A Social Return On Investment (SROI) exercise was carried out and the following is an extract from the report. *“Feedback from clients, health professionals and FSLT staff suggests that Phase IV of the Cardiac Rehabilitation Programme is not only meeting stakeholders' desired outcomes but is in fact delivering unanticipated benefits to the families of the Programme's participants. A review of all the data gathered on Phase IV of the Cardiac Rehabilitation suggests that it is delivering benefits which exceed the costs of its delivery. At present the costs are specifically borne by FSLT and the clients who participate in the Programme whilst the benefits are more widely spread to include the families of current participants and the health service in Fife. NHS Fife is by far the greatest financial beneficiary with savings to both its acute and primary care services”.*

Active Options 1, Keep Well, an NHS Fife funded exercise referral programme continued to be delivered within four sport and leisure centres. The scheme aimed to increase the physical activity levels of sedentary population within the 40 – 64 year old age group and referred patients took part in group exercise sessions. Individuals were invited to bring a friend or family member and the sessions were free of charge. There were 949 visits to Keep Well sessions.

Active Options 2, a programme of referral based health classes, which deliver exercise tailored to a person's functional ability regardless of what long term condition they experience, was delivered at 10 sport and leisure centres and at 3 community venues – Oakley Community Centre, Kirkland High School and Temple Hall Community Centre. There were over 60 classes offered with 752 referrals from NHS Fife and 23,941 attendances. A volunteer scheme was introduced and people from across Fife, with a willingness to help others in the Active Options 2 programme, were recruited to provide support to FSLT staff with the delivery of the specially designed health classes. An evaluation of the programme was undertaken by an external consultant and a report was published in February 2014. The report concluded that from a participant's perspective the Active Options 2 programme was a huge success as it offers participants an opportunity to exercise regularly and safely, with instructors who are knowledgeable about participants' individual health conditions.

A unique programme to Fife commenced following Macmillan Cancer, the country's leading cancer charity's decision to award FSLT £150,000 to support a three year physical activity programme. Move More Fife classes were introduced which enabled patients who are undergoing treatment or who have completed treatment for cancer to participate in physical activity classes. The classes were held at five sport and leisure centres and from 4th November 2013 until 31st March 2014 and there were 93 referrals from NHS Fife and 549 attendances.

FSLT worked with Fife Council to develop a programme of special projects to tackle health inequality in Fife. Funding of £50,000 was provided which enabled different projects to take place involving 19 groups, mainly young people and families, to access sport and leisure facilities free of charge to participate in activities which included; swimming, play centres, crèche, swimming lessons, gyms, fitness classes and health suites. Many positive comments were received from participants on the projects as well as family workers, health visitors and staff involved with the different groups.

In association with Rambler Scotland an initiative designed to promote active physical activity was launched with 15, 30 or 60 minute walking routes made available from sport and leisure centres across Fife. The initiative was designed as part of FSLT's commitment to support the physical activity legacy from the Glasgow 2014 Commonwealth Games.

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Board of Directors report (continued)

Fitness advisors continued to offer affordable personal training suitable for any age and fitness level and delivered health programmes and group fitness classes as part of their Fife-wide role. 863 personal training sessions were delivered, an increase of 94 sessions compared to the previous year, an increase of 12%.

Investing in Service Quality

A benchmark exercise was undertaken to measure the performance of FSLT's health and wellbeing programmes against 9 other sport and leisure Trusts in Scotland. The research gathered information (based on the 2011/12 financial year) on levels of income, statutory performance indicators which each Trust reports to the Scottish Government, indicators used to profile local populations and participation data for the Trusts key target groups and social return on investment figures where applicable. The conclusion from the research showed that FSLT had succeeded in increasing its engagement with its local population while experiencing a significant reduction in its Management Fee from Fife Council. FSLT's Leisure Active Membership Scheme saw the largest growth of any other Trust membership scheme. The Trust was also successful in increasing its engagement with children and young people. The report also concluded that for every £1 of public funds invested in health and physical activity, a return of £3.03 was generated.

As one of the largest employers in Fife there continued a commitment for FSLT to invest in a staff development and skills programme. 21 learning and development activities were delivered with 454 staff attendances recorded.

A review was undertaken of industry standard quality assurance schemes following which FSLT adopted the European Foundation for Quality Management (EFQM) Excellence Model as its quality framework for the purpose of business excellence and continuous improvement. The EFQM Excellence Model was used to structure FSLT's approach to embedding quality and to provide a systematic approach to implementing a range of improvement projects. The Trust was recognised for its work to improve communication within the organisation, the advancement of the Move More Fife cancer rehabilitation physical activity initiative and a commitment through the Healthy Working Lives initiative to promote health and wellbeing within the workforce and encourage and motivate staff to maintain a healthy lifestyle. The Trust was awarded EFQM's Committed to Excellence status in recognition of the organisation's quest to embark on an improvement programme of excellence.

Instructors providing services on behalf of FSLT were required to enrol on the Register of Exercise Professionals (REPs) an independent, public register which recognises the qualifications and expertise of health-enhancing exercise professionals in the UK.

Key Performance Indicators were used as a method of monitoring and evaluating service quality. For 2013/14 the Company's KPIs were reflective of four areas, these being: Users, Staff, Financial and Customers. The following areas of performance were recorded:

- Increased attendances in all categories
- Reduction in staff absence from 8% in 2012/13 to 2.77% in 2013/14
- Increase in staff achieving training levels from 38% to 63%
- Increased income received from £6,472,862 to £7,225,615 (Excl Management Fee)
- Reduction in cost per visit from £4.85 to £4.27
- Increased recovery rate from 62.6% to 69.3%
- Reduction in subsidy per head from £1.61 to £1.30
- Increased visits by Leisure Active members from 540,228 to 734,342

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Board of Directors report (continued)

Partnership Working

FSLT's Health and Physical Activity Team continued to develop partnerships and responded to the challenge of improving health and wellbeing by working closely with Fife Council's Active Fife and Sports Development Teams, Disability Sports Fife and NHS Fife Primary and Secondary Care Teams.

Fife Voluntary Action (FVA) is the third sector interface within Fife which assists voluntary bodies and social enterprises to grow and develop. FSLT created links with FVA as a way to develop a joint approach to their charitable objectives.

FSLT continued to establish appropriate sports partnership working arrangements in conjunction with local sports councils, community clubs and other key agencies to help steer the development and implementation of sports planning arrangements.

At a national level FSLT continued its membership with Sporta (Social enterprises within culture and leisure) and in partnership with other sport and leisure Trusts in Scotland contributed to national agendas, eg public health and physical activity.

Company Governance

A programme of governance reviews took place which included the Board Committee remits, the Scheme of Delegation, Directors' Handbook and the Publication Scheme required by the Freedom of Information (Scotland) Act 2002. A Board of Directors Evaluation Programme was undertaken to ensure that Directors perform to the highest standards of performance in governing the activities of the Company and in keeping with the UK Corporate Governance Code (June 2010). A review of FSLT's future business strategy took place and concluded with the launch of a new Corporate Strategy (2014/17) in March 2014. The Board of Directors also approved an Anti Corruption and Bribery Policy.

Future Plans

The next few years will be particularly challenging as we will continue to face a reduction in funding from Fife Council. Despite this, the Company will move forward with its ambitious plans to deliver a well-managed, high quality service so that customers can enjoy and participate in sport and recreation as part of a physically active and healthy lifestyle. 2014/15 will be the first time since FSLT was established in 2008 that all 13 sport and leisure centres will be operational at the same time.

In order to continue to engage Fifers in physical activity the Trust has outlined key priority areas in its Corporate Strategy (2014/17). The strategy provides a clear direction for the Company and focuses on three key priorities which are central to the continuing success of the organisation. These priorities are; Growing the Business, Improving the Customer Experience and Making a Difference to the health and wellbeing of local communities. The strategy reflects the changing environment in which FSLT will operate and the challenges which need to be addressed. Running parallel to our key challenges will be the commitment to create a legacy from the 2014 Glasgow Commonwealth Games. We will use sport, leisure and physical activity as a means to engage people with a view to increasing participation and improving lifestyles.

To re-invest in facilities and programmes FSLT will need to be commercially successful, ensuring customers enjoy our facilities and that customer service is of the highest standard. We will build on our past success and develop a wide health and wellbeing programme which focuses on supporting people with health conditions as well as health inequalities. This work will take place in partnership with Fife Council along with a range of other supporting partners including NHS Fife.

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Board of Directors report (continued)

Our people are our most valuable resource and directly contribute to the day to day running of the organisation. As a business, we will ensure that staff are provided with learning and development opportunities which are consistent with the values of the Trust – mutual respect, ownership and responsibility, customer focus, continuous improvement and accessibility.

At a national level we will continue to work closely with other leisure Trusts in Scotland (and SportScotland) to promote the value of the non-distributing model for leisure management, share performance information and drive improvements in service provision.

Company Risk

There is a Business Risk Register which identifies the major risks to which the Company is exposed. This strategic document is reviewed and reported on by the Board at regular intervals to assist in managing the risks to the Company. One of the biggest risks facing the Company will be maintaining financial stability and service delivery in the face of the consequences of the country's financial downturn, the impact on income generation and reduced levels of government support.

The Company, in managing these risks, match expenditure to income through its established processes of continuous parallel monitoring, initiating appropriate action, derived from a realistic evaluation of what can be achieved following robust reviews of spending priorities, income sourcing and efficiencies.

Financial Review

Review of the Year

The Company's financial results are shown on pages 17 and 18. The Company's operating deficit (before actuarial adjustment) for the year ended 31 March 2014 was £363,809. Once the actuarial adjustment is taken into account, the deficit position in unrestricted funds for the year was £1,216,809. As mentioned in last year's annual report a large deficit was forecast, partly as a result of the delays in handover of the new centres and significant maintenance closures however the actual results were significantly better than expected.

Financial Future

The Company is again forecasting a small deficit for the financial year 2014/15. This is largely as a result of significant maintenance closures during the year in addition to a further reduction in the Company's Service Fee from Fife Council as a result of the requirement to make efficiency savings and increase external income. It is hoped however, that the new centres will do better than expected in their first full year of trading and that this deficit will be reduced in part.

As long as there are no major unexpected events, the Company has built up sufficient reserves to offset the deficit and remain within its required minimum reserves balance.

Financial Monitoring

Both the Audit and Finance Committee and the Board scrutinise and monitor the financial performance of the Company through quarterly financial monitoring reports. The reports review the Company's cash flow position and compare actual income and expenditure against agreed budget figures and previous year actuals.

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Board's report (continued)

Reserves Policy

The Company's Reserves Policy allows for some protection against unexpected fluctuations in both income and expenditure and for temporary disruption and/or cessation of service delivery. The approved minimum reserves level has been set at a target of £750,000 prior to the pension deficit.

The Directors have established a number of Designated Funds for the reinvestment of surpluses into the company's facilities. An explanation of each of these Funds can be found at note 15 in the notes to the financial statements.

Statement of Directors' Responsibilities

The Directors (who are the trustees of the charity for the purposes of charity law) are responsible for preparing the annual report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (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 charitable company and of incoming resources and application of resources, including the income and expenditure, of the Company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the accounts comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

Auditors

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

By order of the board

T R Campbell
Chairperson

25 September 2014

Fife Sport & Leisure Trust Limited

(A Company Limited by Guarantee)

Independent Auditor's Report to the Members and Directors of Fife Sports & Leisure Trust Limited

We have audited the accounts of Fife Sports & Leisure Trust Limited for the year ended 31 March 2014, which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, 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 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors (who are also the trustees of the charity for the purposes of charity law) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

We have been appointed auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APBS) Ethical Standard for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially inconsistent with the knowledge acquired by us on the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Fife Sport & Leisure Trust Limited
(A Company Limited by Guarantee)

Independent Auditor's Report to the Members and Directors of Fife & Sports Leisure Trust Limited (continued)

Opinion on financial statements

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report (including the Strategic Report) for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

George M Hay (Senior Statutory Auditor)
For and on behalf of Henderson Loggie, Statutory Auditors
Dundee

Henderson Loggie is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

25 September 2014