



ANNUAL REPORT

2020 / 2021



West Lothian Leisure (known as Xcite) is a Scottish Charity, SC027470.

**'A West Lothian where everyone can
live a healthier, happier, longer life'**



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ABOUT US

West Lothian Leisure (WLL) was established on 1st February 1998. WLL is a company limited by guarantee registered in Scotland with registered number SC 543017 and a Scottish Charity registered number SC027470. Our Registered Office is at Xcite Bathgate, Balbardie Park, Torphichen Road, Bathgate, West Lothian, EH48 4LA.

West Lothian Leisure is a Community Leisure Trust and is a member of Community Leisure UK. Any surplus income can be reinvested to benefit local communities and provide services which support everyone in West Lothian to live a healthier and happier life. We have invested over £14 million back into the Trust over the last 20 years. We are one of the lowest publicly funded trusts in Scotland. Prior to the Covid pandemic Council funding accounted for just 23% of total income.



FROM THE CHAIR



2020/21 was a year like no other. The Covid-19 pandemic has impacted all aspects of life and challenged businesses in unimaginable ways.

The priority for West Lothian Leisure (WLL) throughout the year was survival. With venues forced to close and being unable to trade, it is estimated that the organisation lost over £8m in revenue. As one of the most efficient sport and leisure trusts in Scotland – relying less on public funds and more on our earned income – we are particularly vulnerable if we are unable to trade.

The fact that we have been able to avoid an operational deficit (excluding pension adjustments) this financial year is remarkable and owes much to the resilience and creativity of employees, managers, the Leadership Team and Directors. We are also indebted to West Lothian Council (WLC) who have been able to contribute emergency funding and value in kind to help us ride out the storm.

The impact of the pandemic followed the major restructuring of the charity in 2019/20 to reduce the cost base. In hindsight, this was prescient, as taking steps to place the charity on a more sustainable financial footing has helped WLL withstand the financial challenges created by the pandemic.

This unprecedented set of circumstances and the ongoing reduction in the core funding in future years, means that we will need to continually review all aspects of the business to become even more efficient and effective.

Looking forward, the 2-Year business plan will inform all internal service plans to ensure there is an integrated approach so everyone is working towards the same goals. Whilst securing the future of the charity and getting back to a balanced financial position will be a key priority, our charitable purpose and vision, of a future 'where everyone in West Lothian can live a healthier, happier, longer life' will be more important than ever and will continue to be at the heart of all we do.

Delivery of the business plan and making a difference, will require strong partnership working. As a charitable trust we already work closely with West Lothian Council, NHS Lothian, Creative Scotland, sportscotland and others and we are integrated into local planning frameworks. We look forward to continuing to contribute to the work of these agencies.

Whilst the last year has been difficult, our recovery plan, together with the contribution of our committed workforce, should help us navigate through the next two years, to better times ahead. Although the fall-out from the pandemic will no doubt present further challenges, I am confident that we are well positioned to recover once restrictions are eased.

Finally, I would like to thank the staff for their continuing hard work and commitment, and the Board of Directors who give up their time on a voluntary basis. Their advice and direction during this exceptionally challenging year has been invaluable.

Dr Cindy Brook - Chair
10 September 2021

The Board of Trustees (Non-Executive Directors) presents its report and audited financial statements for the year to 31 March 2021.

Objectives and Activities

West Lothian Leisure, which converted from a Community Benefit Society to a Company Limited by Guarantee on 17 August 2016, has charitable status granted by HM Revenue and Customs in Scotland.

West Lothian Leisure was incorporated on 1 February 1998 and provides sports, cultural, outdoor education and leisure facilities to the community of West Lothian. It operates as a not for profit distributing organisation. Surplus, other than reserves, if generated is available to reinvest in the facilities to maintain and improve the service. Facilities leased from West Lothian Council and managed by West Lothian Leisure include:

Xcite Broxburn Sports Centre, Xcite Craigswood Sports Centre, Xcite East Calder Sports Centre, Xcite Linlithgow Leisure Centre, Xcite Armadale Swimming Pool, Xcite Bathgate Swimming Pool, Xcite Broxburn Swimming Pool, Xcite Livingston Leisure Centre, Xcite Whitburn Leisure Centre, Polkemmet Country Park Golf Course and Range, Howden Park Arts Centre, as well as sports and cultural facilities at two community high schools and six high schools.

The Company is governed by the Articles of Association, Standing Orders, Operating Guidelines and Code of Conduct for West Lothian Leisure Limited and these documents were most recently reviewed in December 2020.



The company goals are:

- 1. Improving lives and communities.** We want to get more people more active to improve health and reduce health inequalities.
- 2. Improving the customer experience.** We want to provide high quality and engaging activities and ensure customers feel valued and listened to.
- 3. Growing the business.** We want to become a financially secure and sustainable business so we can invest more and do more, to improve lives.
- 4. Improving the business.** We want to become a more efficient, more agile and more effective organisation and a company our employees are proud to work for



Strategies for Achieving the Stated Aims

West Lothian Leisure’s Business Plan sets out the vision and values of the organisation together with actions to achieve the stated aims. This document is developed in partnership with West Lothian Council and other stakeholders and approved by the Board. At each Board meeting performance against the stated success criteria is reported and where performance is below target actions to get back on track are discussed and agreed.

The Business Plan is supported by Departmental Plans and Facility Plans which have more specific action plans that relate to the stated aims.

Significant activities undertaken include:

- We responded quickly, effectively and professionally to the Covid-19 pandemic, putting in place numerous measures to protect employee and customer health which elicited very positive feedback
- We completed widespread restructuring of the company to address year on year reductions in public funding and other cost pressures
- We secured the medium-term sustainability of the charity by successfully applying for external grant funding and continuing to reduce our cost base
- We strengthened our relationship with West Lothian Council – securing emergency funding to support the charity through the pandemic and identified joint priorities for collaborative working
- We continued to promote our vision of ‘A West Lothian where everyone can live a healthier, happier, longer life
- We have developed and published a 2-Year business plan with a strong focus on business recovery with the aim of returning to a balanced position by 2023/24
- We rolled out a new sales process which aims to convert more prospects to sales and trained staff and invested in retention software, to help ensure members stay with us longer
- We developed new on-line, live streamed, group fitness classes and on-demand services
- We re-invigorated our company values so that all employees support and promote Service, Integrity, Respect and Accountability
- We conducted extensive customer surveys to understand better, customer satisfaction without communications during the pandemic and their expectations about returning to activities in venues
- We upgraded and transformed our remote working capability so that staff can work more effectively and efficiently out of the office. A trend we expect to continue.

Venues and services were closed for most of the year due to the pandemic. Even when re-open, Covid restrictions and guidance were in place which significantly reduced capacity levels. Being unable to open and trade means that our achievements in 2020/21 have been measured differently to a ‘business as usual’ year.

Firstly, surviving the pandemic and ensuring we remain a financially viable organisation was the most important achievement this year. This means that the charity will be able to continue delivering vital health and wellbeing services to those who need them most and ensure that the wider public continue to have access to high quality, affordable, sport, leisure and cultural activities.

Employee turnover was much lower than usual (9%) due in large part to up to 95% of staff being furloughed and there being very few employment opportunities elsewhere. Staff sickness absence remained relatively low at 4% - this is also likely to be due to most staff being on furlough.

In this exceptional year our Net Promoter Score (NPS), (a measure of customer satisfaction), to December 2020, was 59 – this was lower than the previous years score of 63. Despite this, WLL was awarded Silver in the UK Member Experience Awards and for the second year running was the best performing sport and leisure trust in Scotland. This achievement rewards operators who provide a consistently high standard of member experience.

Despite this lower score, WLL remains well ahead of the UK average of 47 for sport, leisure and culture trusts. Further service improvements have already been identified for 2021/22 to improve this critical area of the business.

Key Results / Targets

The Key Targets below are designed to provide measures that link to our key aims and outcomes. Key results are also normally reported for the audited year; however, venues and services were closed for 43 of the 52 weeks between 1 April 2020 and 31 March 2021 and are therefore meaningless. The targets for 21/22 have been adjusted to take into account the impact of the coronavirus pandemic lockdown which resulted in the closure of all venues and services until 26 April 2021. Covid restrictions remained in place in some form until 9 August 2021.

Table 3 – Key Performance Indicators

Company Goal KPI's	2021/22
Improving lives and communities	
Number of Concessionary Scheme Visits	32,960
Number of Outreach STEP's visits per year (number of visits to health and wellbeing classes)	27,576
Health Referrals that continue beyond 12 weeks	30%
Improving the customer experience	
Net Promoter Score (customer satisfaction survey) (National UK average for 2019/20 was 53)	60
Improving the business	
% of new members joining on-line	50%
Energy Consumption KWH total across estate	12.40m KWH
Growing the business	
Customer visits	1,630,727
E-Communication:	
Website/ App Hits	215,899
Facebook Followers	17,600
Number of Members (the number of people who have a membership package paying by direct debit monthly or annually in advance)	17,052
Improving our people	
Employee Turnover (the proportion of perm. employees that have left the organisation in a rolling 12 month period)	20%
Sickness Absence Rate	6.0%

WEST LOTHIAN LEISURE TREASURERS FINANCIAL SUMMARY

Financial Review

The financial statements for the year ending 31 March 2021 show a deficit of £459,342 (2020: deficit of £211,788). This is before an actuarial loss of £4,190,000 (2020: gain of £2,128,000) resulting in an overall loss of £4,649,342 (2020: surplus of £1,916,212). The overall net fund balance at 31 March 2021 is now a net liability balance of £9,761,019 compared to a liability balance of £5,111,677 at 31 March 2020.

Previous work in 2019/20 to restructure the company to ensure its long-term financial sustainability against a backdrop of decreased public funding, has enabled the company to reduce salary costs to a more sustainable level and achieve a more efficient staffing structure.

The outbreak of the Covid-19 pandemic had a catastrophic impact on our income just prior to the end of the financial year due to the enforced closure of all facilities on 26 March 2020. West Lothian Leisure had previously experienced significant growth in membership prior to the closure; however, it now faces a significant period of business recovery to build back membership from a much lower base and increase other income to previous pre-Covid-19 levels

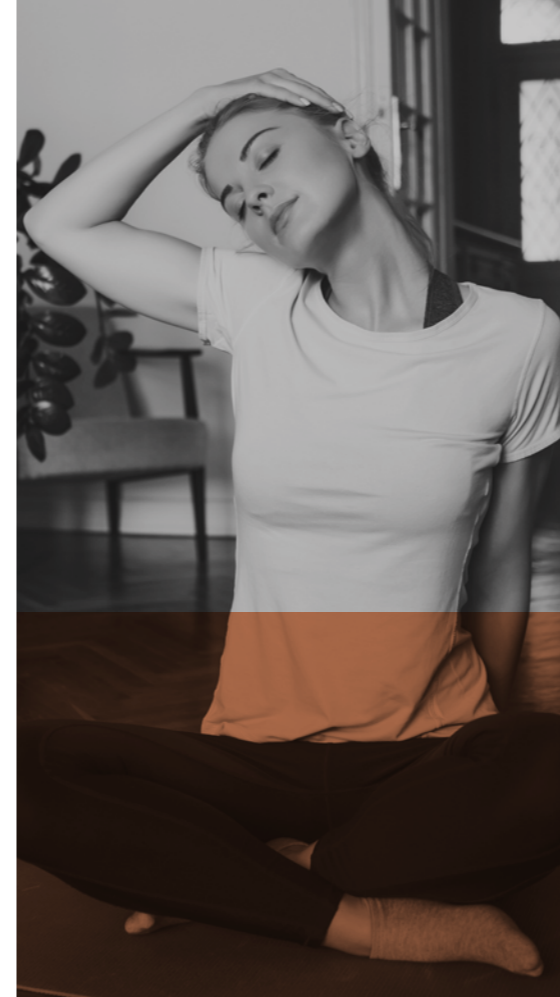


Paul Williams
Treasurer

Despite the extensive financial challenges, a balanced position was achieved by:

- Securing in kind financial assistance from WLC and the passporting of funds from the Scottish Government, Lost Income Scheme
- Off-setting salary costs for 95% of employees through the UK Government Job Retention Scheme furlough scheme
- Cost savings from buildings being closed and voluntary staff pay cut
- Successful application to the Creative Scotland Performing Arts Venue Relief Fund
- Investment in technology to ensure effective and efficient home-working capability to ensure business continuity
- Development of new on-line services and income streams.





Income

Due to the enforced closure membership income fell by £4,913k compared to the previous year. Income from Leisure Services finished £3,283k down on last year, the only positive being the almost doubling of golf income.

The West Lothian Council Management Fee for the year increased by £136k as it included an additional £500k offset by a reduction of £250k in the core funding. The 2019/20 fee includes £783k of funding for the restructure but a £669k reduction to adjust for capital borrowing.

Financial Income includes £1,015k from the Scottish Government lost income scheme.

Expenditure

Salary costs decreased by £1,814k in the year if you exclude redundancy costs and the FRS102 pension adjustment. This is due to 90% plus of the workforce being furloughed for approximately nine months of the year and taking a 20% cut in pay. Salary costs include £149k (£780k 2019) for early retirement costs, no company-wide pay award was made for 2020/21. Staff expenditure continues to be tightly controlled with new appointments being considered through discussions at weekly SMT meetings. Only business critical posts were replaced.

Supplies and services costs are significantly down on prior year due to savings achieved due to closure.

Property costs decreased primarily due to a near 50% saving on energy costs during the period of closure.

The irrecoverable VAT decreased because of the West Lothian Council Management Fee constituting a greater percentage of total income resulting in a significantly higher percentage of taxable sales thus increasing our input VAT recovery rate. Input VAT was also significantly reduced.

As part of the Three-Year Financial Plan gym equipment is now replaced after five years as opposed to the previous three for cardio and six years for strength equipment. This change in policy as well as delaying the replacement of some gym equipment has resulted in a significant reduction in the depreciation charge in the year.

Investment for Growth

Due to the financial uncertainty as a result of the pandemic, investment plans were put on hold. Investment for growth focussed on implementing a digital transformation strategy, part of which was investing in software, systems and hardware to enable effective home working and the development of on-line services.

Strategic Risks

Each year a strategic risk register and associated risk assessments are presented to the Audit and Finance Sub Committee and to the Board. The Board has approved moving to a new, cloud based, risk management system in 2022 which will enable the Leadership Team to better review and report on risks in real time. The majority of the most severe risks on the risk register during the year were financial risks related to the pandemic.

23 strategic risks were identified at the end of 2020/21. High scoring risks included:

- Covid-19 pandemic or a flu epidemic could temporarily and significantly affect the ability of WLL to provide services and adversely impact it's revenue - threatening financial sustainability
- Economic downturn, recession or loss of confidence in the economy could reduce disposable income and reduce customer spend on leisure
- Insufficient cash flow would mean that WLL would be unable to meet financial commitments (i.e. to pay suppliers, salaries and HMRC) and be at risk of insolvency.
- Significant decrease in H&F business and membership income
- Ageing IT Technology / Security Breach/ Loss of IT Manager / IT failure and / or server failure could create significant operational challenges for the business.
- Major Plant Failure could result in a loss of income and lead to a facility closure and an operating deficit.

The risk assessments identify existing controls and further actions for risk reduction.

Investment Policy

West Lothian Leisure can use Council prudential borrowing for capital projects. This can be supplemented by lottery funding or other grant income for qualifying projects. A business case is presented to the Board for approval for any investment proposals and this includes an assessment of additional income generated (and/or costs saved), payback period (if a loan is required) and a risk assessment. Other private finance borrowing options are available; however, it should be noted that due to previous borrowing, current repayments to the Council are significant and any future borrowing requests should carefully consider the ability of WLL to take on more debt.

Looking Forward

We have prioritised collaborative working with West Lothian Council so that we can better align our service delivery with Council strategic objectives; our services are better co-ordinated and integrated; we can deliver excellent value for money. We will also continue to work closely with NHS Lothian, sportscotland and Creative Scotland. Our annual business planning conference with partners allows us to ensure our vision is shared and that we are focussing on the right actions to ensure we contribute to the community planning partnership's outcomes.

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

1 Increase Income

- Maximise income from Covid-19 relief programmes managed by government and funding agencies
- Working in partnership with West Lothian Health and Social Care Partnership Board
- Improving our sales and retention process to grow the number of members
- Launching new membership products to improve sales and yield per member
- Identifying and accessing new sources of funding including donations and funding for programmes from national agencies and charitable organisations
- Improving the quality of key activities and services including implementation of a staff performance appraisal and feedback framework
- Improving the way we market and promote the Xcite Brand and services.
- Renewed focus on promoting and supporting our values in the workplace
- Increasing participation by target groups.
- Develop our cafe and vending service and increase sales.
- Improving customer excellence.
- Further engagement with customers to help shape future service delivery.

2 Manage Costs

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



Tim Dent
Chief Executive

3

Management Fee

Key to the organisations financial stability, viability and business recovery during the next two years has been the securing of an emergency financial reserve from West Lothian Council for 2021 to 2023. This reserve enables the company to draw down up to 1.5m p.a., payable in advance per quarter, where required, Despite access to these funds, the core management fee from the Council is planned to reduce by 500k over the next two years - 250k each year. Therefore, WLL continues to review all aspects of the business to identify efficiencies and opportunities for business growth, whilst at the same time continuing to deliver valued services in the communities it serves for those who need these services most.

The Council is not immune to the financial pressures of the pandemic and we understand the Council's need to reduce expenditure and will do our bit to help. It is more important than ever, that we continue to engage constructively with the Council so that a joint position on the type and level of service that the community needs is agreed together with the best delivery model and funding to achieve this.

4

Estate Strategy

This remains a challenge with the older stock of buildings. With the Company now responsible for the management of all maintenance works for the properties and with limited funds available from West Lothian Council, this will require careful management to maintain standards. WLL has already taken the decision to vacate The Low Port Centre in 2021 and hand this lease back to WLC. WLL is keen to work with WLC to agree a facilities strategy which considers future investment and what the optimum, long-term asset portfolio might look like.

5

Investment Strategy

The development of a longer-term facility and agreed joint capital investment strategy between the Company and West Lothian Council is being planned.

6

Strategic Planning

Key to the organisations financial stability, viability and business recovery during the next two years has been securing an emergency financial reserve from West Lothian Council for 2021-23.

Our strategic and financial planning plan takes into consideration increased costs of operating the business, and the reducing core management fee from the council. We have already restructured management, head office and staffing at sites. Year 2 includes plans for further cost savings and business growth.

We have refreshed and updated the Business Plan. The new plan covers the period 2021 to 2023 and is effectively a 2-Year business recovery plan. Sitting below the high level company goals are a series of aims and actions. Over 40 projects have been identified, some of which have already been initiated.

7

Partnership Working

We have built on and extended our partnership working with key partners principally West Lothian Council, NHS Lothian, sportscotland and Creative Scotland and continue to be an active member of the West Lothian Community Planning Partnership and Health and Social Care Partnership Board. This year also saw a more pro-active approach to working with local sports clubs.

WLL would like to extend its thanks to WLC for the help and support measures provided to WLL during the Covid-19 pandemic.

8

Reporting

We have maintained the quality of reporting of financial and performance information both to partners and the regulatory bodies. Our Annual Report seeks to highlight our achievements in meeting West Lothian Council's strategic objectives. The performance reporting to the Board has also been widened to include success measures described in the Business Plan.

9

Organisational Culture

We have recently taken out corporate membership of CIMSPA – the chartered body for the management of sport and physical activity in an effort to 'professionalise' the workforce and access new training, learning and development opportunities. Customer excellence and promotion of our core values remain centre stage and key drivers for the business.

We are confident that the ongoing culture of service excellence as evidenced by our member experience, silver award for 2020 and renewed focus on our Company values and performance appraisal are correct for our service delivery.

10

Environmental Policy

We continue to ensure that the Company plays its part in achieving UK and EU targets for the environment. We have an energy conservation strategy, are ESOS (Energy Savings Opportunity Scheme) compliant and monitor and report energy usage to each Board meeting.

We also aim to publish an environmental and sustainability policy which includes targets to reduce our carbon footprint.



The Board has a duty to keep a strategic overview of the organisation including the approval of the corporate strategy and monitoring performance against agreed targets. The Board focusses on strategic issues and through its policy setting lays out a framework within which the Chief Executive and Senior Management Team operate. Pay and remuneration policy is set by the Board, as is the Chief Executive's pay. The Chief Executive determines the grading of staff (within the policy and arrangements set by the Board) and determines staff duties and responsibilities.

Employee Engagement

WLL takes its responsibility to engage with and inform employees about matters relating to company performance and other matters of interest seriously. This year, this has been more important than ever. At various stages, our employees had to cope with being on furlough, working from home, reduced pay and many other personal and societal challenges caused by the pandemic. Our employee engagement in 2020/21 had to adapt to the 'new normal' and included:

- Entire workforce webinars which saw over 200 staff participate in company update sessions and take part in question and answer meetings with the Chief Executive and Leadership Team
- Pre-recorded youtube video updates on the current state of play, new initiatives and plans
- Regular email bulletins
- Adopting Microsoft Teams as our new project work and communications app
- Commissioning staff surveys to monitor staff satisfaction with employee communication and the measures put in place to support mental health and wellbeing and return to work
- Benchmarking staff satisfaction against other sport and leisure trusts
- Employee feedback sought on new policies, procedures and staff benefits
- Employee representative on the WLL Board of Directors
- Renewed focus on promoting WLL's core values.

WEST LOTHIAN LEISURE

STATEMENT OF FINANCIAL ACTIVITIES

	TOTAL UNRESTRICTED 2021 £	TOTAL UNRESTRICTED 2020 £
Income and endowments from:		
Grants and donations	28,342	-
Charitable activities		
• Membership fees	686,016	5,598,795
• Leisure services	1,017,645	4,300,554
• Management service fee	3,526,891	3,390,501
Investments	3,683	6,137
Other		
• Financial income, refunds & fees	1,064,264	78,540
• CJRS Grant (Furlough income)	2,466,570	88,725
Total	8,793,411	13,463,252
Expenditure on:		
Charitable activities		
• Sports and leisure facilities	9,123,753	13,492,040
Other		
• Net finance cost on defined benefit pension scheme	129,000	183,000
Total	9,252,753	13,675,040
Net expenditure	(459,342)	(211,788)
Other recognised (losses)/gains:		
Actuarial (losses)/gains on defined benefit pension scheme	(4,190,000)	2,128,000
Net movement in funds	(4,649,342)	1,916,212
Reconciliation of funds:		
Total funds brought forward	(5,111,677)	(7,027,889)
Total funds carried forward	(9,761,019)	(5,111,677)

LET'S JUMP BACK IN TOGETHER

	2021 £	2020 £
Fixed Assets		
Tangible fixed assets	968,155	1,223,354
Total fixed assets	968,155	1,223,354
Current assets		
Stock	10,608	21,322
Debtors	467,498	515,843
Cash at bank and in hand	1,183,239	1,666,533
Total current assets	1,661,345	2,203,698
Liabilities:		
Creditors: amounts falling due within one year	(2,194,619)	(2,900,660)
Net current liabilities	(533,274)	(696,962)
Total assets less current liabilities	434,881	526,392
Creditors: amounts falling due after more than one year	(74,900)	(205,069)
Net assets excluding pensions liability	359,981	321,323
Defined benefit pension liability	(10,121,000)	(5,433,000)
Total net liabilities	(9,761,019)	(5,111,677)
The unrestricted funds of the charity:		
General funds	359,981	321,323
Pension reserve	(10,121,000)	(5,433,000)
Total charity funds	(9,761,019)	(5,111,677)

The financial statements were approved and authorised for issue by the Board on 16 September 2021.

Dr Cindy Brook, Chair
Beverley Greer, Secretary

Registered in Scotland – SC543017 / Charity Number – SC027470

West Lothian Leisure's Board

The Board is made up of 11 Non-Executive Directors (Trustees); five appointed by West Lothian Council, four independent Directors, one appointed by the Trade Unions and one employee (elected by employees).

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

Dr Cindy Brook
Independent, Chair

Tom Carr-Pollock (resigned in March 2021)
Trade Union

Beverley Greer
Independent, Secretary and Chair of the Audit & Finance Sub Committee

Karen Anderson
Employee, Health and Safety Director

Sergio Tansini
Independent Director

Cllr Tom Kerr
West Lothian Council

Cllr Angela Doran
West Lothian Council

Cllr Andrew Miller
West Lothian Council

Cllr Chris Horne
West Lothian Council

Paul Williams
Independent, Treasurer

Cllr Tom Conn
West Lothian Council

Leadership Team

Tim Dent
Chief Executive

Karen Wernham
Head of Operations

Mark Chambers
Head of Corporate Services

Andrew Heron
Head of Finance

Auditors

Azets
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Solicitors

Lindsays
Caledonian Exchange
19A Canning Street
Edinburgh EH3 8HE
and
DWF LLP
No. 2 Lochrin Square
96 Fountainbridge
Edinburgh EH3 9QA

Bankers

Barclays Bank
Quay 2
Fountainbridge
Edinburgh
EH3 9QG

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

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

Registered Office

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

Registered in Scotland – SC543017.
Charity Number – SC27470.

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www.westlothianleisure.com