

# PERFORMANCE & AUDIT SUB COMMITTEE



**Date: 20 August 2018**

**Location: St Joseph's Leisure Centre**

**Start time: 6pm**

<b>AGENDA</b>			
<b>AGENDA ITEM</b>	<b>FOR NOTING</b>	<b>FOR DISCUSSION</b>	<b>FOR APPROVAL/ DECISION</b>
<b>1. Apologies for Absence</b>	✓		
<b>2. Declarations of Interest</b>	✓		
<b>3. Notes of Previous Meeting – 21 May 2018</b>	✓		
<b>4. Annual Report and Accounts 2017/18</b>			✓
<b>5. Performance Report April – June 2018</b>			✓
<b>6. Internal Audit Report: East Ayrshire Leisure Trust Governance</b>			✓
<b>7. Staff Recognition Award</b> This is a restricted document and not for onward circulation			✓
<b>8. AOCB</b>			
<b>9. Dates of Next Meetings:</b> <b>Trust AGM/Board:</b> 18 September 2018 <b>Performance &amp; Audit Sub-Committee:</b> 12 November 2018			

For further information please contact: John Griffiths, Chief Executive  
Email: [John.Griffiths@eastayrshireleisure.com](mailto:John.Griffiths@eastayrshireleisure.com) Tel: 01563 554710

## 2017/18 ANNUAL REPORT AND ACCOUNTS

Date: 20 August 2018

Agenda Item: 4

Report By: John Griffiths, Chief Executive

### Summary

This report presents the 2017/18 Report and Accounts for approval.

The report shows that the Trust established sound procedures for financial management and our external auditors, Scott-Moncrieff, are satisfied with accuracy of our accounts and the procedures that are in place to manage our finances.

### 1 BACKGROUND

- 1.1 The purpose of this report is to present the 2017/18 Report and Accounts for approval.

### 2 CONSIDERATIONS

- 2.1 East Ayrshire Leisure is required to submit its audited annual accounts to the Office of the Scottish Charity Regulator (OSCR). Scott-Moncrieff are our External Auditors and their audit has been produced following an intensive audit programme which required support and input from both Trust and East Ayrshire Council staff.
- 2.2 The 2017/18 Report and Accounts is attached as Appendix 1. The format of the Report and Accounts meets the requirements of the Charities Financial Reporting Standard (FRS) 102 Statement of Recommended Practice (SORP). The Annual Accounts will be submitted to OSCR once approved by the Trust Board. The report will also be published via the East Ayrshire Leisure website.
- 2.3 Scott Moncrieff's Audit Management Report for 2017/18 is attached as Appendix 2 with the Management Representation Letter, which will be signed by the Chair of the Performance and Audit Sub-Committee if the Report and Accounts are agreed by the Board, included on page 18.

### 3 IMPLICATIONS

- 3.1 The approval and publication of the 2017/18 Report and Accounts will satisfy the ongoing requirements of OSCR and the Charities FRS 102 SORP.

### Recommendation/s:

It is recommended that the Board:

- i. Approve the 2017/18 Report and Accounts;
- ii. Approve the Letter of Representation to accompany the accounts; and
- iii. Otherwise note the content of this report.

## PERFORMANCE & AUDIT SUB-COMMITTEE



Signature: 

Designation: Chief Executive

Date: 6 August 2018

**East Ayrshire Leisure Trust**  
**A Scottish Charitable Incorporated Organisation**

Annual Report and Accounts  
For the year ended 31<sup>st</sup> March 2018

Charity Number SC043987

## East Ayrshire Leisure Trust

### Contents

---

	<b>Page</b>
Message from the Board	I
Message from the Chief Executive	3
Trustees' Report	4
Independent Auditor's Report	18
Statement of Financial Activities	21
Balance Sheet	22
Statement of Cash Flows	23
Notes to the Accounts	24

## **East Ayrshire Leisure Trust**

### **Message from the Board**

---

I am delighted to introduce the fifth Annual Report and Accounts for East Ayrshire Leisure Trust, covering the financial year 2017-18. The Trust has once again shown a strong financial performance whilst also receiving an excellent report from our External Auditors, with no issues reported.

Our visual arts programme has continued to excel, with exhibitions of national significance being showcased at the Dick Institute in Kilmarnock. I AM HERE, a Crafts Council Touring Exhibition, featured stunning pieces of contemporary jewellery and wearable art by the most significant European makers from the last 5 decades.

Rachel Maclean, one of the country's most exciting, young, contemporary artists, was also featured in the Dick Institute programme with her stunning and thought-provoking exhibition, "Feed Me".

Another particular highlight in the cultural calendar was "Pop Art in Print" which brought together over 70 iconic Pop Art works from the Victoria & Albert Museum and featured artists such as Andy Warhol, Roy Lichtenstein and Ed Ruscha.

Our in-house performing arts programme continues to go from strength to strength with our fabulous East Ayrshire Youth Theatre (EAYT). Our talented youngsters brought all-time favourites "Oliver" and "The Wizard of Oz" to the stage in first-class productions. And, as ever, our annual pantomime attracted sell-out audiences, with Dick Whittington ensuring families from far and wide got their festivities off to a spectacular start!

The Grand Hall rocked with 1,300 visitors for The Libertines in September and Manchester's legendary rockers, Happy Mondays brought their "Twenty Four Hour Party People – Greatest Hits Tour" to Kilmarnock's Grand Hall for an unforgettable sell-out gig in December.

Our Imprint Book Festival celebrated its 10<sup>th</sup> anniversary this year. Over the past decade we have welcomed literary heavyweights such as Val McDermid, Kirsty Wark, Sandy Toksvig, Tony Robinson, James Kelman, Christopher Brookmyre to name but a few, and this year was no exception with a fabulous line-up including Kilmarnock's own Booker nominated Graeme Macrae Burnet, John Niven and Graeme Obree.

We have continued to participate in VisitScotland's Quality Assurance Scheme which officially grades our tourist attractions and facilities and helps us to meet, and exceed, the high standards which our customers and visitors expect. In 2017-18 we were delighted to not only maintain all previous ratings, but also to expand our portfolio of 4-star rated facilities with the addition of the Ayrshire Athletics Arena, our premier athletics and sports training facility, which was accredited for the first time.

As well as developing East Ayrshire's only Handball club this year and introducing a new Fitness Membership scheme, we also began a brand new Sports Coaching programme for children aged 3-14 years old. Sessions including badminton, gymnastics, football and athletics were hugely popular and took place across our range of leisure centres. Once again the Ayrshire Athletics Arena hosted the West Districts Championships, in partnership with Scottish Athletics. We also welcomed back Roon The Toon, the 10k road race, to the Ayrshire Athletics Arena for a 2<sup>nd</sup> year. A jogging group and a Strength and Flex fitness class were established to support participation in the lead up to the event. Numbers of participants increased from the inaugural year and it looks set to become a regular and popular feature in the race calendar.

Dean Castle Country Park officially reopened to the public in October after an extensive redevelopment project. Working in partnership with East Ayrshire Council and funded by the Heritage Lottery Fund (HLF) and East Ayrshire's Renewable Energy Fund, the redevelopment included a major refurbishment of the visitor centre which houses the café and shop, a new residential centre, redesigned playpark, extended path networks, landscape redevelopment and rural life centre.

We celebrated the reopening of the Country Park with Illuminight; a truly spectacular fire and light show with stunning visuals, state of the art lighting, installations and music. Illuminight, brought to us by Unique Events and Black Light productions, welcomed over 38,000 visitors to the Country Park and will help to put Kilmarnock firmly on the tourism map.

## **East Ayrshire Leisure Trust**

### **Message from the Board**

---

The extended closure of the Dean Castle Country Park impacted on our target for attendance figures, however, a full programme of events and activities are in place to address this over the coming year.

Staff at Dean Castle Country Park have been working with Alzheimer Scotland on a Growing Memories project which involved working with local people with dementia to create a wildflower meadow in the Country Park. For people who can no longer tend their own garden, this was a wonderful opportunity for them to re-connect with nature.

We look forward to the next phase of redevelopment works scheduled for the Castle which will help establish the Dean Castle Country Park as a 5 star visitor attraction. The project, due to run between 2018 and 2021 also secured funding from Historic Environment Scotland, with the remainder of the costs being met by East Ayrshire Council. The funding will allow essential stonework restoration to the external fabric of the castle buildings to be carried out, alongside the internal modernisation and redisplay of our world class museum collections and exhibition areas.

Councillor Elena Whitham

**Chair, East Ayrshire Leisure Trust**

## **East Ayrshire Leisure Trust**

### **Message from the Chief Executive**

---

Welcome to East Ayrshire Leisure's Annual Report and Accounts for 2017/18. This report summarises progress in our fifth year of operation. Significant progress has been made by East Ayrshire Leisure to ensure we are providing quality facilities, venues and programmes for the benefit of locals and visitors alike, whilst also ensuring our staff are provided with the opportunity to develop, learn and grow with the organisation.

The results for 2017/18 show that once again East Ayrshire Leisure is operating well and achieving its targets. The effects of reducing budgets has meant that we continue to operate in a challenging environment, with Culture, Countryside and Sports departments undergoing service reviews which have included changes to remits and opening hours.

2017/18 was the 2<sup>nd</sup> year of our 2016-19 Business Plan which focusses on 4 key strategic objectives:

- To be recognised as a provider of high quality / valued services and facilities
- To enhance people's health and wellbeing through participation
- To enhance the tourism offer to East Ayrshire
- To be recognised as an employer of choice

We have already made great strides in meeting these objectives and will continue to drive forward new initiatives and developments which will continue to enhance the organisation and the services we provide for the people of East Ayrshire and beyond. A summary of our achievements to date is provided within this report.

Set within the context of reducing budgets, East Ayrshire Leisure has begun to adopt a more commercial focus and service reviews, alongside programming, will take account of this requirement and new direction. However, as a charitable organisation and provider of culture, countryside and sport facilities for the benefit of East Ayrshire residents, we remain committed to providing services which are affordable or free of charge.

In 2017 we received the results of our first ever Customer and Staff satisfaction surveys. It is clear from the results that our customers greatly value the services we provide and our staff continue to be a credit to the organisation. Ratings for all our venues were extremely high with satisfaction rates of more than 90% recorded for most of our facilities. The response rate for our staff satisfaction was also very good, and great strides have been made in addressing some of the issues which were raised, including better communication and a stronger commitment to professional development.

I would like to take this opportunity to thank all of our staff for their ongoing dedication to East Ayrshire Leisure. Many services areas have experienced significant changes to staff teams, opening hours and remits but the passion and enthusiasm the staff continue to show in the delivery of our services is a credit to the organisation.

None of our achievements would be possible without the support of our partners, of whom there are many, and in particular our main funder, East Ayrshire Council (EAC). We will continue to work closely with them all to ensure the continued provision of new and innovative services, events, opportunities and high quality services across the range of Culture, Countryside and Sport remits.

I would also like to thank our Board of Trustees for their continued support, commitment and dedication given to East Ayrshire Leisure throughout the year.

John Griffiths  
**Chief Executive**



**East Ayrshire Leisure Trust**  
**Trustees Report**  
**For the year ended 31<sup>st</sup> March 2018**

---

The Trustees are pleased to present their Annual Report and Accounts for the year ended 31<sup>st</sup> March 2018. The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

**East Ayrshire Leisure Trust – The Organisation**

East Ayrshire Leisure Trust is a Scottish Charitable Incorporated Organisation recognised by the Office of the Scottish Charity Regulator (OSCR), registration number SC043987. The organisation took responsibility for a wide range of cultural, countryside, sports and community facilities and services across East Ayrshire on 1<sup>st</sup> July 2013.

**Governing Document**

The East Ayrshire Leisure Trust Constitution was approved by the Board of Trustees on 13<sup>th</sup> March 2013.

East Ayrshire Leisure's initial Business Plan covered the period 2013-16, and during this period the Trust became established as an independent organisation. Our current Business Plan covers the period 2016-19 and will be subject to regular monitoring and review including the submission of an Annual Performance Report to East Ayrshire Council.

**Our Purpose**

- To advance the arts, heritage, culture and science;
- To advance public participation in sport;
- To provide recreational facilities and organise recreational activities with such facilities/activities being made available to the whole community with the aim of improving the aim of improving quality of life;
- To advance education;
- To advance health;
- To advance citizenship and/ or community development (which may include the promotion of civic responsibility, volunteering, the voluntary sector and/ or and the efficiency and effectiveness of charities);
- To relieve those in need by reason of age, ill health, disability, financial hardship or other disadvantage;
- To promote, establish, operate and/or support other similar schemes and projects which further charitable purposes;

**Our Vision**

East Ayrshire Leisure's vision reflects the vision of the Community Planning Partnership i.e. to help East Ayrshire become: "An area full of life, with a strong cultural, sporting and natural identity which reflects the unique character of the place and its people; an area where cultural, sporting and countryside activities play a central role in social, economic and urban/rural development; an area where new and creative initiatives across the cultural, sporting and countryside fields flourish, for the benefit of both residents and visitors."

**Our Mission**

"To provide and support high quality, innovative, cultural, sports, countryside and community services for the benefits of East Ayrshire residents and visitors to the area, which meet the Council's social, cultural, environmental and economic objectives."

## **Our Values**

East Ayrshire Leisure's core values are based on being:

- Collaborative and Creative
- Innovative and Inspirational
- Proactive and Professional
- Open and Honest
- Passionate and Proud

The principles by which we operate and carry out our business are driven by a desire to do what is best for the community and in so doing:

- We will be driven by a commitment to deliver high quality services for the people of East Ayrshire
- Creativity and innovation will be at the heart of our thinking
- We will build partnerships and thrive on collaboration
- We will invest in the formation of highly motivated, customer-focussed and skilled work force
- We will promote equality, access and diversity across our programmes
- We will deliver safe services and manage finances efficiently and effectively

## **EAST AYRSHIRE LEISURE SERVICES**

East Ayrshire Leisure is responsible for managing a range of facilities and services across a broad Culture, Countryside, Sport and Community Venues remit.

The range of facilities managed by East Ayrshire Leisure has been subject to change since July 2013 as the Council has undertaken a programme of Community Asset Transfer and Asset Rationalisation.

### **Brief Service Descriptions**

- **Cultural Services**
  - This service manages Libraries, Museums and Heritage, Galleries, the Palace Theatre/Grand Hall Complex and Cumnock Town Hall. The service is responsible for museum collection management, arts and cultural development including visual and performing arts, reader development including Imprint Book Festival and local and family history services.
- **Countryside Services**
  - This service manages Dean Castle Country Park, the River Ayr Way and footpath networks across East Ayrshire. The service is responsible for Countryside Access, events, programme development at Dean Castle Country Park outdoor education and golf.
- **Sport & Community Venues**
  - This service manages Sports and Leisure Centres, Games Hall, Community Halls, Sports Pitches and the Ayrshire Athletics Arena. The service is responsible for programme development, community sports hubs, sports development and events encompassing athletics, swimming and fitness.

**- Marketing & Development**

- This service manages all publicity and promotional activity, communications, public relations, branding, corporate identity, web development and digital communication and strategy, market research, customer feedback and complaints handling.

**- People & Finance**

- This service is responsible for administration, OSCR compliance, financial management/budget monitoring, Human Relations, Information Management, Health and Safety, Freedom of information, credit control, cash receipting and staff training and development.

**Agreements with East Ayrshire Council**

A series of agreements underpin East Ayrshire Leisure's relationship with the Council. Services Agreements are in place to cover support services that the Council provides for East Ayrshire Leisure i.e. Health and Safety, Internal Audit. Payroll etc. A Services and Finance Agreement is in place to cover the services which the Council expects us to deliver, including the facilities for which East Ayrshire Leisure is responsible.

In addition, a Collections Agreement covers how the Council's museum collections will be managed by East Ayrshire Leisure and an Asset Transfer Agreement covers the ownership of assets required to support the delivery of services which are the responsibility of East Ayrshire Leisure.

**Key venues and visitor attractions**

We manage a wide range of facilities across East Ayrshire; our key venues and tourist attractions are highlighted below:

**Annanhill Golf Course**

Situated on the outskirts of Kilmarnock in scenic surroundings, this parkland course, with tree lined fairways has a par of 71 measuring 5954 yards.

**Ayrshire Athletics Arena**

Designed and built to the highest standard, this premier athletics and sports training facility boasts a UK Athletics Class A outdoor athletics facility with Mondo surface and 6 lane 63m indoor training area with strength and conditioning area. It has been designed to meet the highest of training and competition requirements for a wide range of athletes, sports clubs, schools and community groups and our athletics event calendar has grown year on year.

**Baird Institute (4 star visitor attraction)**

First opened in 1891, the Baird Institute has world class collections of Mauchline Ware, Cumnock Pottery, artefacts of local and social history and contemporary exhibitions. The Keir Hardie Room presents the life and career of the founder of the Labour Party with an interactive audio-visual screen, a large collection of his personal belongings and souvenirs of his travels

**Burns House Museum and Library (4 star visitor attraction)**

The Burns House Museum and Library is in the centre of historic Mauchline, where stories of Robert Burns and his friends and family can be found in every nook and cranny. The Burns House Museum offers the chance to visit the room where Burns and his wife Jean Armour lived, see original Burns manuscripts and objects that tell the story of his life and work.

**East Ayrshire Leisure Trust**  
**Trustees Report**  
**For the year ended 31<sup>st</sup> March 2018**

---

Cumnock Town Hall

Designed by Robert Ingram and built in 1883/4, Cumnock Town Hall has undergone extensive restoration, designed to restore it to its former glory using traditional materials and to update facilities to cater for the needs of its 21<sup>st</sup> century users. The newly refurbished facility hosts a variety of shows as well as being available to hire for meetings, shows, weddings and parties.

Dean Castle & Country Park (4 star visitor attraction)

The newly redeveloped Dean Castle Country Park is East Ayrshire's only Country Park and provides a great day out all year round with woodland walks, an urban farm, adventure playground, visitor centre with shop and tearoom and a fantastic 14th century castle housing world class collections. The Country Park also hosts a number of large scale events every year as well as a programme of outdoor learning activities. The Country Park received HLF funding with major redevelopment taking place to turn it into a 5 star visitor attraction.

Dick Institute (4 star visitor attraction)

The Dick Institute is one of the most important cultural venues in the south-west of Scotland, featuring the largest museum, galleries and Library in Ayrshire with a range of arts and literary events throughout the year. With a programme of nationally important exhibitions, events and innovative works by leading and contemporary artists, filmmakers and young people as well as permanent displays of the museum's diverse collections including natural sciences, archaeology and local and social history.

Leisure Centres: Auchinleck, Doon Valley, Grange, Loudoun, Stewarton and St Joseph's

Our Leisure Centres offer a wide range of activities and facilities for all the family including fitness suites with a wide range of equipment, FIFA \*I synthetic grass pitches, swimming pools and a range of fitness classes and activities. Many of our venues also house a variety of versatile halls suitable for staging competitions and larger events as well as badminton, football, netball as well as seated events such as shows, presentations, conferences and events.

Palace Theatre & Grand Hall Complex (4 star arts venue)

Ayrshire's premier entertainment venue offers a wonderfully varied programme throughout the year including comedy, music, drama, dance, variety and much more.

River Ayr Way

The River Ayr Way is designated as one of Scotland's Great Trails and is included in the family of long to medium distance routes in Scotland. It is 44 miles from the source of the River Ayr in Glenbuck to the sea at Ayr. 22 miles of the route is managed by East Ayrshire Leisure, with the rest being managed by South Ayrshire Council.

**Education and Outreach**

As well as our public events and activities, we also offer a range of outreach events for schools and educational establishments.

Highlights this year included the I AM HERE engagement programme for young people aged 16-25 years which was delivered in partnership with National Museums of Scotland. Participants were given the opportunity to experiment with the processes and techniques used to create the wearable art and portable objects in the exhibition, using alternative materials such as plastics, wood and paper.

The Imprint schools programme continues to provide our pupils with the fantastic opportunity to meet renowned authors and learn more about their work and the writing process. This year we welcomed a fantastic mix of authors

– from Ross Collins and storytimes for the little ones, to Spy Quest with David Goutcher and a writing masterclass for senior pupils with Martin Stewart.

The annual Pantomania Day gives primary children the opportunity to explore how panto is produced and to learn the traditions of panto, dress up, create slapstick routines and explore theatrical make-up.

As well as special events and activities, schools are invited to engage with us through a year-long programme such as 'Discover Stories' at the library, tours of our galleries and museums, and environmental education and outdoor learning. Approximately 900 pupils participated in our Burns, Romans and Egyptian themed workshops.

We also continue to host sports days at Ayrshire Athletics Arena and Stewarton Sports Centre, offering pupils the opportunity to experience sports in a fun, yet competitive, environment. Qualified coaches and staff provide a positive experience for all participants and those showing an interest and talent can develop their skills through our additional activities, many of which have direct links to sports clubs throughout East Ayrshire.

## **EAST AYRSHIRE LEISURE'S STRUCTURE**

### **THE BOARD OF TRUSTEES**

A Board of up to 13 Trustees is responsible for providing strategic direction for the organisation. The 13 Trustees comprise:

- 6 Independent Trustees – one of whom is a Trade Union nominee
- 5 Councillor Trustees, nominated by East Ayrshire Council
- 2 Council Officer Trustees nominated by East Ayrshire Council to act as Trustees, but without voting rights.

<b>Trustees</b>	<b>Appointment date</b>	<b>Resignation date</b>
<b>Partner Trustees</b>		
Elena Whitman (Chair)	18 <sup>th</sup> May 2017	
Neil McGhee	13 <sup>th</sup> March 2013 (reappointed 18 <sup>th</sup> May 2017)	
Iain Linton	25 <sup>th</sup> June 2015 (resigned 18 <sup>th</sup> May 2017) and reappointed 2 <sup>nd</sup> November 2017	
Ian Grant	18 <sup>th</sup> May 2017	
Clare Maitland	18 <sup>th</sup> May 2017	
Jim Roberts	18 <sup>th</sup> May 2017	2 <sup>nd</sup> November 2017
Douglas Reid (Chair until May 2017)	13 <sup>th</sup> March 2013	18 <sup>th</sup> May 2017
Eoghann MacColl	25 <sup>th</sup> June 2015	4 <sup>th</sup> May 2017
Hugh Ross	27 <sup>th</sup> October 2015	4 <sup>th</sup> May 2017
Chris McAleavey (ex officio)	27 <sup>th</sup> August 2015	Resigned 17 <sup>th</sup> May 2018
Joe McLachlan (ex officio)	27 <sup>th</sup> August 2015	
Robert McCulloch (ex officio)	17 <sup>th</sup> May 2018	
<b>Independent Trustees</b>		
Robin Hume	13 <sup>th</sup> June 2013 (Re-appointed 27 <sup>th</sup> August 2015)	
Jean Brown	13 <sup>th</sup> June 2013	
June Minnery	13 <sup>th</sup> June 2013 (Re-appointed 27 <sup>th</sup> August 2015)	
Jackie Livingston	1 <sup>st</sup> July 2015	
Robbie Mann	8 <sup>th</sup> September 2016	
Elizabeth Young (Vice Chair)	13 <sup>th</sup> June 2013 (Re-appointed 27 <sup>th</sup> August 2015)	Resigned 19 <sup>th</sup> September 2017

The Board meets regularly throughout the year and is supported by a Performance and Audit Sub-Committee made up of 5 Trustees. In addition, development sessions are also held to support Trustee training and to allow discussion to focus on key issues i.e. Business Planning and specific service areas.

Trustee training is available on an as required basis in addition to induction training for new Trustees. Development sessions to enhance Trustees knowledge of service areas are organised throughout the year.

**East Ayrshire Leisure Trust**  
**Trustees Report**  
**For the year ended 31<sup>st</sup> March 2018**

---

**Management Arrangements**

The Chief Executive and Senior Management Team are responsible for the day to day management of East Ayrshire Leisure's operations. A Scheme of Delegation is in place to allow responsibilities for key tasks to be allocated to appropriate staff. Staff salaries and terms of conditions of employment follow those of East Ayrshire Council and this is expected to continue.

**SENIOR MANAGEMENT TEAM**

John Griffiths (Chief Executive)

Jackie Biggart (People & Finance Manager)

Anneke Freel (Countryside Services Manager)

Adam Geary (Cultural Services Manager)

Dianne McGregor (Marketing & Development Manager)

Chris Murphy (Sport & Community Venues Manager)

**ADMINISTRATIVE INFORMATION**

**Registered Office**

Dick Institute  
14 Elmbank Avenue  
Kilmarnock  
KA1 3BU  
[www.eastayrshireleisure.com](http://www.eastayrshireleisure.com)  
01563 554710

**Auditor**

Scott-Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

**Solicitors**

East Ayrshire Council  
London Road Headquarters  
Kilmarnock  
KA3 7BU

**Bankers**

Royal Bank of Scotland  
8 John Finnie Street  
Kilmarnock  
KA1 1DD

**Charity Number**

SC043987

## **FINANCIAL REVIEW**

The period to 31<sup>st</sup> March 2018 was the Trust's fifth year of activity. In the period, East Ayrshire Leisure reported an unrestricted deficit of £617,160.

At 31<sup>st</sup> March 2018, the actuarial valuation of the pension scheme resulted in a net pension asset of £64,000 this being recognised in the Balance Sheet. The valuation has resulted in an actuarial gain of £4,273,000 being recognised in the Statement of Financial Activities in the period. The balance on the pension fund will change annually according to economic conditions and the trustees will keep the position under review.

## **RESERVES POLICY**

The Board approved a revised Financial Reserves Policy in 2016. The policy was amended from 5% of incoming resources (approx. £400k) to a range of 3-5% (approx. £210k – 350k) as the target for unrestricted funds not committed. This target has been achieved and the appropriate level of reserves is now in place.

## **FINANCIAL PROFILE**

East Ayrshire Leisure receives funding from East Ayrshire Council to support the delivery of an agreed range of services. Significant savings have been generated since the inception of the Trust and a Best Value Review has confirmed savings required during the term of our new Business Plan for 2019-22.

East Ayrshire Leisure also generates income from charges for services and has the ability to submit bids for funding from a wide range of external bodies. Trust staff will bid for funds to support and develop service quality and delivery wherever appropriate opportunities and resources are available.

The agreed baseline budget for 2018/19 is set out below:

	<b>2018/19</b>
	<b>£</b>
<b>Baseline Budget (excl Savings)</b>	<b>4,684,420</b>
<b>Savings Target (following Best Value Review)</b>	<b>(190,750)</b>
<b>Baseline Budget (after Savings)</b>	<b>4,493,670</b>

## **RISK MANAGEMENT**

East Ayrshire Leisure has well-established Risk Management procedures which allow the Board to manage risk in a pro-active manner and priorities areas of concern. The Risk Register is reviewed regularly as part of the Trustees consideration of the quarterly performance report.

Key risks in 2017/18 included: significant reduction in funding received from East Ayrshire Council, partners and external stakeholders not seeing East Ayrshire Leisure as a partner of choice, failure to deliver Business Plan targets and the loss of external funding, a lack of capital investment or maintenance, reduction in facilities and loss of income.

Managing our risk effectively is essential in achieving our strategic outcomes and targets, creating confidence among service users and the public, and ensuring effective governance. Effective Risk Management will also enable us to deliver service improvements taking account of prevailing circumstances.



## **PROPERTIES**

East Ayrshire Leisure has 25 year leases in place for each of its properties. These properties continue to be in the ownership of East Ayrshire Council and the Council remain responsible for repair and maintenance.

The stock of properties is currently under review and the Council's Asset Rationalisation and Community Asset Transfer programmes, alongside East Ayrshire Leisure's own service review and redesign proposals will see the number of properties managed by East Ayrshire Leisure reduce through 2016-19.

The Council has a major capital investment programme and there are projects being developed, particularly new school campuses that may see new community facilities built that will become the responsibility of East Ayrshire Leisure in due course.

## **EQUIPMENT**

East Ayrshire Leisure has access to a wide range of specialist equipment and vehicles that support service delivery, including mobile libraries, grounds maintenance equipment, computers and sports equipment.

Ownership of equipment did not transfer in July 2013 and rests with East Ayrshire Council. Inventories that clearly show ownership of equipment are now being kept, as items purchased by East Ayrshire Leisure belong to East Ayrshire Leisure, not the Council.

## **MUSEUM COLLECTIONS**

East Ayrshire Council owns significant museum collection assets which are held within its museums, libraries and archives and is responsible for the management and maintenance of any assets given on loan. East Ayrshire Leisure has been granted licence to use these assets through the Collections Agreement and will maintain and preserve them on behalf of the Council.

## **ACHIEVEMENT & PERFORMANCE**

Our current Business Plan covers the period of financial years 2016-2019 and the Board's priorities are highlighted in the Action Plan. Progress towards the targets set in the Action Plan is reviewed on a quarterly basis and fully reported annually.

Our Business Plan for 2016-19 outlines 4 key strategic objectives with specific actions to address them. Details of how we have achieved our objectives to date, or initiatives we are currently developing, are outlined below:

### **I. TO BE RECOGNISED AS A PROVIDER OF HIGH QUALITY SERVICES AND FACILITIES THAT ARE WELL USED.**

Actions to achieve this:

- I.1 Increase customer satisfaction
- I.2 Increase attendance levels/ticket sale through programme development both in person and online
- I.3 Achieve new quality standards and/or maintain current accreditation standards
- I.4 Maintain and sustain high level partnerships that support service delivery and improvements
- I.5 Introduce a system to audit, monitor and improve environmental efficiency across our core facilities

**KEY POINTS:**

Results from the Customer Satisfaction Survey in 2017 formed our baseline:

**Ratings of 'very good' or 'good'**

	Quality of staff	Range of facilities available	Quality of facilities/locations	Opening hrs	Programme of activities
Culture	95%	96%	96%	77%	83%
Countryside	69%	95%	93%	82%	70%
Sport	95%	92%	90%	83%	87%

Overall audience figures have shown a reduction against targets. This has been due to reductions in opening hours that were introduced as a result of recent service reviews. We have, however, continued to provide a high quality service and attracted new audiences. Highlights included Lloyd Cole at Cumnock Town Hall, Happy Mondays at Grand Hall and Question Time being filmed in the Grand Hall and Cumnock Town Hall played host to the opening night of the Cumnock Tryst. Our first ever Killie Comic Con attracted 2,000 people and our Burns Birthday event in Mauchline saw 600 people attending during weekend. Sports coaching activities, fitness class attendances and membership activities continue to grow.

Dick Institute was shortlisted as *Best Family Venue* at the Scottish Hospitality Awards 2017. It was also nominated by customers and has been shortlisted as one of Scotland's Six Hidden Gems as one of 28 selected from across Scotland. This initiative is managed by the Society of Antiquaries of Scotland.

Dean Castle Country Park was shortlisted as *Best Family Day Out* at the Scottish Hospitality Awards 2017.

East Ayrshire Leisure and the Galleon Leisure Centre have established a joint initiative to appoint Keep Scotland Beautiful to carry out an audit of all core venues. This audit will provide detailed information of existing environmental performance and an action plan to carry out improvements. The work with Keep Scotland Beautiful will also provide training on how to complete our Climate Change Declaration Report and provide us with on-line resources to improve our energy efficiency

East Ayrshire Leisure is represented on the East Ayrshire Council Climate Challenge Group who co-ordinate and lead environmental best practice across the service areas.

## **2. TO ENHANCE PEOPLE'S HEALTH & WELLBEING THROUGH PARTICIPATION.**

Actions to achieve this:

- 2.1 Increase general participation /attendance levels across service areas
- 2.2 Increase opportunities for/numbers of young people (12-25) using our services.
- 2.3 Maximise access to our facilities and programmes for people with physical, sensory or learning disabilities.
- 2.4 Increase opportunities for/numbers of older people (60+) using our services.

A wide range of participatory programmes including library learning programmes and art workshops at our galleries have been developed this year. Talks and workshops are an increasingly important element of our programme. We developed new Gaelic Visual Art workshops which were attended by 25 young people; funded by Bord Na Gaidhlig the participants engaged in a year-long visual art programme. Bookbug and writing workshops continue to feature strongly in our programmes. Our Homewords Library service continues to increase its reach with more than 1,450 people now using the service regularly. Action on Hearing Loss Sessions took place across various libraries.

EventScotland funding was awarded to develop the Year of Young People cross art form and libraries programme in 2018.

2 new partnerships and initiatives for young people were established in 2017/18 within the Country Park. Both of these initiatives involved young people who have become disengaged from school and a behavioural change evaluation has taken place will be used to expand the scope of future projects.

We have continued to review the accessibility of our venues and looking to start major improvements at Dean Castle, look to improve stage access at Cumnock Town Hall and make accessibility improvements to how people access and engage with the library at the Dick Institute. Our new mobile libraries were also introduced which received national coverage for ease of access.

An accessibility audit was carried out at the Country Park to inform the development project which now includes many facilities to improve access to the Visitor Centre and Rural Life Centre. This includes a changing places toilet and an accessible bedroom.

We work with community groups and schools to provide opportunities for cycling at the AAA through use of the All Ability Bikes for those that have additional support needs. We also offer concessionary discount on our gym and fitness memberships for adults with a disability which allows access to our gyms, swimming pools, athletics track and fitness classes. The first Frame Football match took place this year at Grange Leisure Centre with Grange Frame Football Club playing against Partick Thistle Frame Football Club from Glasgow.

### **3. TO ENHANCE THE EAST AYRSHIRE TOURISM OFFER**

3.1 Increase visitor attendance at our key tourist attractions

3.2 Work with local groups to add value to the tourism offer

Illuminight 2017 was an overwhelming success. 18% of ticket sales were from outwith Ayrshire from locations across the UK, establishing the event as an important addition to the national calendar of events. Illuminight 2017 was also rated 'top thing to do in Scotland this weekend' by the Herald.

Our Accredited tourism venues and Leisure facilities have all achieved 4 Star status with the addition of Ayrshire Athletics Arena this year. VisitScotland carried out an advisory visit to Dean Castle Country Park to provide an action plan to enable the venue to reach the 5\* status at its next scheduled assessment in 2018.

East Ayrshire Leisure has provided support to Kilmaurs Community Council in the organisation of their annual walking festival in September. More than 300 people attended the walks and activities over the weekend

Cultural Services worked with Kilmarnock Engineering and Science Society to develop an exhibition for the Baird Institute which opened in September. Artwork by Netherthird Primary School and Cumnock Academy will also be exhibited.

#### **4. TO BE RECOGNISED AS AN EMPLOYER OF CHOICE**

4.1 Increase levels of staff satisfaction from 2016/17 baseline.

4.2 Increase the number of volunteering, placement and apprenticeship opportunities.

We carried out our first Staff Satisfaction survey in 2017 and an action plan was produced to address any areas of concern. The action plan is reviewed quarterly by SMT and the Extended Management Team, with progress being updated and monitored regularly.

We continue to work with a large number of volunteers across all service areas, take part in National Volunteer Week and school placements are supported on an ongoing basis throughout the school year. The Dean Castle Country Park 'Friends of Dean' Group was launched in as part of National Volunteer Week and now meet regularly throughout the year.

£10,000 was secured from the Heritage Lottery Fund as part of the 2017 year of History, Heritage and Archaeology. This grant was used to appoint 2 volunteer apprentices who will benefit from training and support in traditional rural skills.

We have facilitated work placements at Dean Castle Country Park and Annanhill Golf Course and hosted 2 volunteer conservation holidays with 17 young people from across Europe. 15 people continue to actively volunteer through our highly successful Textile Team based at Dean Castle.

Cultural Services work with a small group of volunteers who assist on a weekly basis with the visual art classes and with EAYT.

Young Hub Leaders have been volunteering through the Community Sports Hubs (Auchinleck, Grange, St Joseph's, Stewarton and The Academy, i.e. Ayrshire Athletics Arena and Kilmarnock Academy) supporting clubs and programmes and generating ideas to engage their peers in activities. Volunteers assist with the delivery of Run, Jump and Throw and Easter holiday programme as well as the promotion of our athletics pathway for children to access club athletics.

#### **ONLINE VISITORS**

[Eastayrshireleisure.com](http://Eastayrshireleisure.com)

Our website was launched early 2014 and has continued to attract a significant number of visitors throughout the life of our Business Plan. Sessions have been decreasing however during the 2017-18 period, and reviews of the site, including the customer journey have taken place. Plans to redevelop the site and make it more mobile responsive and easy to navigate are underway.

#### **Social Media**

Our East Ayrshire Leisure and additional facility Facebook pages have continued to attract significant increases, as has our Twitter account. Engagement levels across all platforms is extremely high.

#### **Partnerships**

We continue to work with a huge number of partners, all of whom help contribute to the wonderful programmes and projects we deliver. A selection of partners we have worked with throughout 2017-18 are highlighted below:

- Creative Scotland to support major Nathan Coley commission

- National Galleries of Scotland to develop Rachel MacLean exhibition
- Kilmaronock Harriers to deliver community athletics programme at the Ayrshire Athletics Arena and Roon the Toon
- Kilmaronock Harriers and Active Schools to co-ordinate and deliver East Ayrshire Schools Sportshall Athletics competition and annual East Ayrshire Schools Cross Country at Ayrshire Athletics Arena
- East Ayrshire Council and Golazo to host the First Tour of Ayrshire
- Scottish Sporting Futures, Xchange Scotland and NOMADs to support funding for staff training and volunteering opportunities.
- EAC Revenues and Benefits Team and DWP as part of Universal Credit Working party for the roll out of UC providing access for work coaches and customers to access computers in libraries
- Supported 44 sports clubs across 5 Community Sports Hubs
- University of the West of Scotland (UWS) sports coaching students to support our Sports Coaching Programme

## **FUTURE DEVELOPMENTS**

In the remaining year of our current Business Plan there will be several major initiatives that will impact on the Trust and the services we deliver.

- The Council's Best Value Review of Leisure Services will be implemented bringing a more commercial focus to the Trust's work and amalgamation with the Kilmaronock Leisure Centre Trust which operates the Galleon Centre in Kilmaronock.
- New community and sports facilities will be available for public use at the William McIlvanney Campus in Kilmaronock and the Trust will manage usage outside school hours.
- The Library facilities at the Dick Institute will be updated and modernised along with the provision of a coffee outlet for library and museum visitors.
- Dean Castle will close to the public to allow a major programme of internal and external improvement and refurbishment to take place.

## **TRUSTEES RESPONSIBILITIES STATEMENT**

The Trustees are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions for the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

## **Disclosure of Information to Auditors**

To the knowledge and belief of each of the persons who are Trustees at the time the report is approved:

- So far as the Trustee is aware, there is no relevant information of which the charity's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information, and to establish that the charity's auditor is aware of the information.

## **Trustees' Report**

Approved by the Board on 18<sup>th</sup> September 2018 and signed on its behalf by:

.....  
**Trustee**

.....  
**John Griffiths**  
**Chief Executive**

## **Opinion**

We have audited the financial statements of East Ayrshire Leisure Trust (the charity) for the year ended 31<sup>st</sup> March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31<sup>st</sup> March 2018 and of 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 requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of the trustees**

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charity's trustees, as a body, 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



**East Ayrshire Leisure Trust**  
**Independent Auditor's Report**  
**For the year ended 31<sup>st</sup> March 2018**

---

law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Bennett  
Senior Statutory Auditor  
For and on behalf of Scott-Moncrieff, Statutory Auditor  
Chartered Accountants  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

Date:.....

**East Ayrshire Leisure Trust**  
**Statement of Financial Activities**  
**For the year ended 31<sup>st</sup> March 2018**

	Notes	Unrestricted Fund 2018  £	Restricted Funds 2018  £	2018  £	2017
<b>Income from:</b>					
Charitable activities	3	6,839,900	612,960	7,452,860	7,338,098
Investments	3	521	-	521	2,948
<b>Total income</b>		<b>6,840,421</b>	<b>612,960</b>	<b>7,453,381</b>	<b>7,341,046</b>
<b>Expenditure on:</b>					
Charitable activities	4	7,353,581	623,132	7,976,713	7,844,302
Other (net interest defined benefit pension scheme)	8	104,000	-	104,000	32,000
<b>Total expenditure</b>		<b>7,457,581</b>	<b>623,132</b>	<b>8,080,713</b>	<b>7,876,302</b>
<b>Net income/(expenditure)</b>		<b>(617,160)</b>	<b>(10,172)</b>	<b>(627,332)</b>	<b>(535,256)</b>
<b>Other recognised gains/(losses):</b>					
Actuarial gains/(losses) on defined benefit pension schemes	8	4,273,000	-	4,273,000	(2,548,000)
<b>Net movement in funds</b>		<b>3,655,840</b>	<b>(10,172)</b>	<b>3,645,668</b>	<b>(3,083,256)</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		(3,038,895)	153,832	(2,885,063)	198,193
<b>Total funds carried forward</b>	<b>16</b>	<b>616,945</b>	<b>143,660</b>	<b>760,605</b>	<b>(2,885,063)</b>

The Statement of Financial Activities includes all gains and losses recognised in the year. None of the charity's activities were acquired or discontinued during the above period.

The notes on pages 24 to 40 form part of these financial statements.

**East Ayrshire Leisure Trust**  
**Balance Sheet**  
**As at 31<sup>st</sup> March 2018**

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	9	71,572	103,082
Heritage assets	10	34,920	34,920
		<b>106,492</b>	<b>138,002</b>
<b>Current assets</b>			
Stocks and work in progress	11	17,592	12,161
Debtors	12	879,726	851,278
Cash at bank and in hand		1,342,070	852,069
		<b>2,239,388</b>	<b>1,715,508</b>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	13	(1,649,275)	(1,131,573)
<b>Net current assets</b>		<b>590,113</b>	<b>583,935</b>
<b>Net assets excluding pension scheme asset/(liability)</b>		<b>696,605</b>	<b>721,937</b>
<b>Defined benefit pension scheme asset/(liability)</b>	8	64,000	(3,607,000)
<b>Total net assets/( liabilities)</b>		<b>760,605</b>	<b>(2,885,063)</b>
<b>The funds of the charity:</b>			
Restricted income funds	16	143,660	153,832
Unrestricted funds	16	552,945	568,105
Pension reserve		64,000	(3,607,000)
<b>Funds</b>		<b>760,605</b>	<b>(2,885,063)</b>

The financial statements were approved and authorised for issue by the Board on

.....

**Trustee**

**Chief Executive**

The notes on pages 24 to 40 form part of these financial statements

**East Ayrshire Leisure Trust**  
**Statement of Cash Flow for the year ended 31<sup>st</sup> March 2018**

	<b>Notes</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by (used in) operating activities</b>	<b>17</b>	<b>489,480</b>	<b>(893,079)</b>
<b>Cash flows from investing activities:</b>			
Investment income		521	2,948
Purchase of property, plant and equipment		-	(64,395)
<b>Net cash provided by/(used in) investing activities</b>		<b>521</b>	<b>(61,447)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>490,001</b>	<b>(954,526)</b>
<b>Cash at the beginning of the reporting period</b>		<b>852,069</b>	<b>1,806,595</b>
<b>Cash at the end of the reporting period</b>		<b>1,342,070</b>	<b>852,069</b>

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

---

East Ayrshire Leisure Trust is a Scottish Charitable Incorporated Organisation, recognised as a charity for tax purposes by HMRC and registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC043987. Details of the principal address can be found on page 10 of these financial statements.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

East Ayrshire Leisure Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the charity's financial statements unless otherwise stated.

**I. Accounting Policies**

**Incoming resources**

Income from leisure, cultural and related activity is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it.

Revenue grants, including those from government, are recognised in the Statement of Financial Activities (SoFA) in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Such income is deferred when the charity has to fulfil conditions before becoming entitled to it.

Management fees and other incoming resources are recognised in the period to which they relate.

Investment income is recognised in the period in which it is receivable.

**Expenditure recognition and allocation of expenditure**

Expenditure is recognised when a liability is incurred.

Where possible, expenditure has been charged direct to charitable expenditure or governance cost. Where this is not possible the expenditure is allocated on the basis of time spent by staff on each activity.

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

---

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees.

**Allocation of support costs**

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs are provided by East Ayrshire Council and include HR, legal, finance. The bases on which support costs have been allocated are set out in note 5.

**Tangible Fixed Assets and Depreciation**

It is the policy of the charity to capitalise expenditure of a capital nature in excess of £5,000.

Assets donated to the charity are included in the Balance Sheet and Statement of Financial Activities at cost.

Depreciation is charged to write off the cost less the estimated residual value of fixed assets by equal instalments over their estimated useful lives as follows:

Furniture and equipment: 5 years

**Heritage Assets**

Heritage Assets includes tangible fixed assets which are of historic, artistic or scientific importance that are held to advance preservation and conservation objectives of the charity. Heritage Assets are presented separately in the Balance Sheet from other Tangible Fixed Assets. Heritage Assets are reported at cost. Depreciation has not been provided on heritage assets due to these assets having indefinite long useful lives.

**Lease commitments**

Rentals paid under operating leases are charged to the Statement of Financial Activities as incurred.

**Stock**

Stocks are valued at the lower of cost and net realisable value in the ordinary course of activities.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

**Debtors**

Trade debtors are amounts due from customers for services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.

**Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances with banks and are measured at fair value.

### **Financial assets and financial liabilities**

Financial instruments are recognised in the statements of financial activities when the charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from asset to expire, or when the charitable company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

### **Pensions**

East Ayrshire Leisure Trust operates a defined benefit scheme in respect of its employees. The assets of the scheme are held in external funds managed by professional investment managers.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognised immediately in the Statement of Financial Activities. All costs related to the defined benefit scheme are recognised in the Statement of Financial Activities.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from the calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

### **Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised in the statement of financial activities when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

### **VAT**

The charity is partially exempt from VAT. Irrecoverable VAT is charged to the Statement of Financial Activities as an expense.

### **Unrestricted funds**

Surplus revenue funds held within unrestricted funds are carried forward to meet the cost of future activities mainly of a revenue nature.

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

---

Commitments for specific activities and needs in the future are dealt with by making allocations to designated funds.

**Restricted funds**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the appropriate fund, together with a fair allocation of management support costs where this is considered appropriate.

**Taxation**

The charity has charitable status and is therefore exempt from taxation under Sections 466 to 493 Corporation Tax Act 2010 (CTA 2010).

**Going concern**

The financial statements have been prepared on the basis of accounting policies that are consistent with the treatment of the charity as a going concern. The current funding agreement with East Ayrshire Council covers up to the 31<sup>st</sup> March 2019. In the Trustee's opinion, the charity will be able to continue for the foreseeable future. East Ayrshire Leisure participates in a defined benefit retirement scheme, excluding this scheme, the charity reported unrestricted funds of £552,945.

**2. Critical judgements and estimates**

In preparing the financial statements trustees make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The estimates and assumptions with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

**Defined benefit pension and other post-employment benefits**

The present value of the defined benefit pension and other post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension and other post-employment benefits include the discount rate. Any changes in these assumptions will have an effect on the carrying amount of pension and other post-employment benefits.

After taking appropriate professional advice, management determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, consideration is given to the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are to be paid and that have terms to maturity approximating the terms of the related pension liability.

**3. Income**

**Investment income**

Investment income comprises bank interest. In 2018 bank interest received £521 (2017: £2,948).



**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

**Income from charitable activities is as follows:**

	<b>2018 Operating Fund £</b>	<b>2018 Restricted Fund £</b>	<b>2018 Total £</b>	<b>31<sup>st</sup> March 2017 £</b>
Chief Executive & People & Finance	5,114,797	-	5,114,797	5,205,563
Marketing & Development	617	-	617	363
Cultural	535,886	-	535,886	511,406
Countryside services	118,589	-	118,589	159,441
Sport & Community Venues	1,070,011	-	1,070,011	1,119,213
Projects	-	612,960	612,960	342,112
<b>Total income from provision of facilities and services</b>	<b>6,839,900</b>	<b>612,960</b>	<b>7,452,860</b>	<b>7,338,098</b>

A management service fee of £5,111,940 was received from East Ayrshire Council for the year (2017: £5,202,840).

Income on charitable activities was £7,452,860 (2017: £7,338,098) of which £6,839,900 was unrestricted (2017: £6,995,986) and £612,960 (2017: £342,112) was restricted. All other income was unrestricted.

**4. Charitable expenditure**

	<b>Chief Executive &amp; People &amp; Finance £</b>	<b>Marketing &amp; Development £</b>	<b>Cultural £</b>	<b>Countryside Services £</b>	<b>Sport &amp; Community Venues £</b>	<b>Projects £</b>	<b>Total £</b>	<b>2017 £</b>
Employee costs	1,202,484	232,125	1,799,357	624,871	1,621,820	46,570	5,527,228	5,617,579
Property costs	17,273	-	255,464	141,957	326,941	7,060	748,694	717,022
Supplies and Services	65,029	64,193	490,867	116,525	126,432	569,502	1,432,548	1,237,922
Transport Costs	1,834	-	10,340	25,421	424	-	38,018	45,801
Support Services	212,400	-	-	-	-	-	212,400	212,400
Governance	17,825	-	-	-	-	-	17,825	13,578
<b>Total</b>	<b>1,516,844</b>	<b>296,318</b>	<b>2,556,028</b>	<b>908,774</b>	<b>2,075,617</b>	<b>623,132</b>	<b>7,976,713</b>	<b>7,844,302</b>

Expenditure on charitable activities was £7,976,713 (2017: £7,844,302) of which £7,353,581 was unrestricted (2017: £7,582,823) and £623,132 (2017: £261,479) was restricted.

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

**5. Analysis of governance and support costs**

	<b>General Support</b>	<b>Governance</b>	<b>2018 £</b>	<b>2017 £</b>
Health and Safety	4,400	-	4,400	4,400
Internal Audit	-	4,000	4,000	4,000
Human Resources	65,000	-	65,000	65,000
Corporate Infrastructure	40,000	-	40,000	40,000
Finance	54,000	-	54,000	54,000
Legal and Procurement Services	10,000	35,000	45,000	45,000
Audit fees	-	11,000	11,000	11,000
Consultants fees	-	-	-	1,128
Accountancy fees	6,825	-	6,825	1,450
	<b>180,225</b>	<b>50,000</b>	<b>230,225</b>	<b>225,978</b>

East Ayrshire Leisure receives support services from East Ayrshire Council. The total cost of support services provided by the Council in 2018 was £212,400 (2017 £212,400). The governance element of the support costs provided by the Council are calculated based on time spent throughout the year on governance activities.

The costs associated with trustee indemnity insurance are met by East Ayrshire Council.

**6. Staff Costs and Numbers**

	<b>2018 £</b>	<b>2017 £</b>
Wages and salaries	3,853,846	4,133,123
Social security costs	298,504	313,387
Other pension costs	1,130,293	874,903
Other staff costs	244,585	296,166
	<b>5,527,228</b>	<b>5,617,579</b>

14 members of staff were made redundant during the year (2017: 9). The cost of these redundancies is fully funded by East Ayrshire Council.

Employees receiving salaries, including benefits in kind, of more than £60,000 were as follows:

	<b>2018</b>	<b>2017</b>
£70,000 - £79,999	-	-
£80,000 - £89,999	1	1

The senior management team comprises six staff members (2017: 6 staff members). The total employee benefits (including employers contributions) of the senior management team were £375,118 (2017: 364,174).

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

The average number of employees during the period was made up as follows:

	2018 Number	2017 Number
East Ayrshire Leisure Trust		
Full-time (permanent)	106	116
Part-time (permanent)	86	112
	<b>192</b>	<b>228</b>

During the year trustees received no remuneration (2017: nil). Trustee expenses totalled £81 (2017: 95). No trustees received payment for professional or other services supplied to the charity (2017: nil).

**7. Operating Surplus**

	2018 £	2017 £
<b>The operating surplus is stated after charging/(crediting)</b>		
Auditors' remuneration (including expenses) for audit	11,000	11,000
for other services	6,825	750
Operating lease rentals	11,496	10,941

**8. Pension Costs**

East Ayrshire Leisure Trust is an admitted body of the Strathclyde Pension Fund. The Superannuation Fund is a defined benefit scheme into which employee' and employer's contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out. Employees' contributions are tiered and employer's basic contributions are assessed every three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. The actuarial method used is known as Projected Unit Credit Method. The last actuarial valuation was at 31<sup>st</sup> March 2017 and following this valuation employer's contributions have been set at 19.3% for the years ended 31<sup>st</sup> March 2019, 2020 and 2021.

As sponsoring authority, East Ayrshire Council has guaranteed to accept liability for any unfunded costs which may arise with regard to the Trust relating to their membership in the Strathclyde Pension Fund, should they cease to exist.

The movement in the defined benefit obligation over the year is as follows:

	31 <sup>st</sup> March 2018 £'000	31 <sup>st</sup> March 2017 £'000
Opening defined benefit obligation	23,242	16,195
Current service cost	1,178	862
Past service cost (including curtailments)	34	58
Interest cost on defined benefit obligation	642	597
Contributions by members	196	200
Actuarial losses/(gains)	(3,270)	5,624
Benefits paid	(320)	(290)
Unfunded benefits paid	(1)	(4)
Closing defined benefit obligation	<b>21,701</b>	<b>23,242</b>

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

The movement in the fair value of plan assets in the year is as follows:

	<b>31<sup>st</sup> March 2018</b>	<b>31<sup>st</sup> March 2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of plan assets	19,635	15,395
Interest income on plan assets	538	565
Contributions by members	196	200
Contributions by the employer	713	689
Contributions in respect of unfunded benefits	1	4
Actuarial loss/gain	1,003	3,076
Benefits paid	(320)	(290)
Unfunded benefits paid	(1)	(4)
	<u>21,765</u>	<u>19,635</u>
Closing fair value of plan assets		

Amounts recognised in net income/expenditure (per SOFA):

	<b>31<sup>st</sup> March 2018</b>	<b>31<sup>st</sup> March 2017</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	(1,178)	(862)
Past service cost (including curtailments)	(34)	(58)
<b>Total service cost</b>	<b>(1,212)</b>	<b>(920)</b>
<b>Net interest</b>		
Interest income on plan assets	538	565
Interest cost on defined benefit obligation	(642)	(597)
<b>Total net interest</b>	<b>(104)</b>	<b>(32)</b>
<b>Total defined benefit cost recognised in net income/expenditure per the SOFA</b>	<b>(1,316)</b>	<b>(952)</b>

The major categories of plan assets as a % of the total plan assets are as follows:

	<b>31<sup>st</sup> March 2018</b>	<b>31<sup>st</sup> March 2017</b>
	<b>%</b>	<b>%</b>
Equities	70	73
Bonds	18	12
Property	11	10
Cash	1	5

The estimated employer contributions for the year to 31 March 2019 are £637,000.

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

The principal actuarial assumptions used in the calculations are:

	<b>31<sup>st</sup> March 2018</b>	<b>31<sup>st</sup> March 2017</b>
	<b>% per annum</b>	<b>% per annum</b>
Pension Increase Rate	2.3	2.4
Salary Increase Rate	3.5	4.4
Discount Rate	2.7	2.7

**Mortality**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current Pensioners	21.4 years	23.7 years
Future Pensioners	23.4 years	25.8 years

**9. Fixed Assets**

	<b>Furniture &amp; Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
As at 1 <sup>st</sup> April 2017	157,582	157,582
Additions	-	-
	<hr/>	<hr/>
As at 31 <sup>st</sup> March 2018	157,582	157,582
	<hr/>	<hr/>
<b>Depreciation</b>		
As at 1 <sup>st</sup> April 2017	54,500	54,500
Charge	31,510	31,510
	<hr/>	<hr/>
As at 31 <sup>st</sup> March 2018	86,010	86,010
	<hr/>	<hr/>
<b>Net book value</b>		
As at 31 <sup>st</sup> March 2017	103,082	103,082
As at 31 <sup>st</sup> March 2018	71,572	71,572
	<hr/>	<hr/>

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

**10. Heritage Assets**

In 2014/15, the Trust procured a silver gilt sculpture of Lord Eglinton. This asset was fully funded by external providers.

	<b>Heritage Assets</b> £	<b>Total</b> £
<b>Cost</b>		
As at 1 <sup>st</sup> April 2017	34,920	34,920
Additions	-	-
	<u>34,920</u>	<u>34,920</u>
As at 31 <sup>st</sup> March 2018	<u>34,920</u>	<u>34,920</u>
<b>Net book value</b>		
As at 31 <sup>st</sup> March 2017	34,920	34,920
As at 31 <sup>st</sup> March 2018	<u>34,920</u>	<u>34,920</u>

**11. Stock**

	<b>2018</b> £	<b>2017</b> £
Goods for re-sale	17,592	12,161
	<u>17,592</u>	<u>12,161</u>

**12. Debtors**

	<b>2018</b> £	<b>2017</b> £
Amounts due from East Ayrshire Council	714,089	737,879
Trade debtors	61,233	53,300
Other debtors and prepayments	104,404	60,099
	<u>879,726</u>	<u>851,278</u>

**13. Creditors: Amounts falling due within one year**

	<b>2018</b> £	<b>2017</b> £
Amounts owed to East Ayrshire Council	697,183	149,804
Trade creditors	71,998	97,992
Accruals and deferred income	610,640	525,430
Taxation and social security	269,454	358,347
	<u>1,649,275</u>	<u>1,131,573</u>

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

**14. Deferred income**

Deferred income comprises advanced ticket sales.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Balance as at 1 <sup>st</sup> April 2017	91,460	65,480
Amounts released to income during 2017/18	(91,460)	(65,480)
Amounts deferred in year	145,671	91,460
	<u>145,671</u>	<u>91,460</u>
Balance as at 31 <sup>st</sup> March 2018	<u>145,671</u>	<u>91,460</u>

**15. Financial assets and liabilities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Financial assets at amortised cost	2,137,777	1,649,654
Financial liabilities at amortised cost	(1,234,150)	(681,766)
	<u>903,627</u>	<u>967,888</u>

Financial assets comprise amounts due from East Ayrshire Council, trade debtors, other debtors and cash and bank balances.

Financial liabilities comprise amounts owed to East Ayrshire Council, trade creditors and accruals.

**16. Reserves**

<b>Funds</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>2018 Total</b>	<b>2017 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 31 <sup>st</sup> March 2018				
Represented by:				
Fixed assets	106,492	-	106,492	138,002
Net current assets	446,453	143,660	590,113	583,935
Retirement benefit scheme deficit	64,000	-	64,000	(3,607,000)
	<u>616,945</u>	<u>143,660</u>	<u>760,605</u>	<u>(2,885,063)</u>

**Unrestricted Fund**

	<b>Opening Balance at 1<sup>st</sup> April 2017</b>	<b>Incoming</b>	<b>Outgoing</b>	<b>Transfers</b>	<b>Actuarial Loss</b>	<b>Closing Balance at 31<sup>st</sup> March 2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Unrestricted fund	282,525	6,840,421	(6,741,711)	(45,000)	-	336,235
Designated funds	285,580	-	(113,870)	45,000	-	216,710
Pension reserve	(3,607,000)	-	(602,000)	-	4,273,000	64,000
	<u>(3,038,895)</u>	<u>6,840,421</u>	<u>(7,457,581)</u>	<u>-</u>	<u>4,273,000</u>	<u>616,945</u>

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

Designated funds were established for the following:	2017	Incoming	Outgoing	Transfer	2018
	£	£	£	£	£
Depreciation (to fund depreciation on fixed assets)	74,580	-	(19,600)	(7,360)	47,620
Fixed assets	43,640	-	-	-	43,640
People & Finance Administration Resources	730	-	(730)	-	-
Marketing & Development Staff	42,630	-	(17,630)	(25,000)	-
Libraries Fit Out	90,000	-	(9,500)	-	80,500
Homewards Van Balance	2,500	-	-	(2,500)	-
Annanhill Golf Course	20,000	-	(8,650)	(11,350)	-
Sport and CV Staffing	11,500	10,000	(21,500)	-	-
Sport & CV Staffing - temporary facilities	-	-	(7,360)	7,360	-
Website Development	-	-	(1,100)	25,000	23,900
Promotion of New Mobile Libraries	-	-	-	2,500	2,500
Keep Scotland Beautiful	-	-	(3,750)	5,000	1,250
DCCP Play Area	-	-	-	6,350	6,350
PFS Equipment	-	10,000	(10,000)	-	-
Youth Theatre	-	15,000	(12,480)	-	2,520
Training & Development	-	10,000	(1,570)	-	8,430
<b>Total designated funds</b>	<b>285,580</b>	<b>45,000</b>	<b>(113,870)</b>	<b>-</b>	<b>216,710</b>



**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

<b>Restricted Funds</b>	<b>Opening Balance £</b>	<b>2018 Incoming Resources £</b>	<b>2018 Resources Expended £</b>	<b>2018 Transfers £</b>	<b>2018 Closing Balance £</b>
Creative place	24,571	15,000	(39,571)	-	-
Ayrshire Libraries forum	4,426	-	(90)	-	4,336
Wifi	11,500	-	(11,500)	-	-
Textile team	771	-	(132)	-	639
Burns Birthday in Mauchline	-	8,000	(8,000)	-	-
The McKie Collection	2,847	14,878	(20,214)	-	(2,489)
Irvine Valley Trails	59,614	41,527	(23,930)	-	77,211
Make Some Noise	17,529	-	(4,350)	-	13,179
Dean Castle Countryside Park (DCCP)– Development Project	-	400,000	(400,000)	-	-
DCCP Opening Events	-	81,232	(81,232)	-	-
GLAIF	2,998	700	(3,698)	-	-
I AM HERE	11,027	2,168	(13,195)	-	-
Kilmarnock Green Infrastructure	15,000	-	-	-	15,000
River Ayr Way	1,549	-	-	-	1,549
Wild About the Farm	2,000	(10)	(1,990)	-	-
Bat Bothy	-	2,000	(1,309)	-	691
Traditional Rural Skills	-	10,000	(7,918)	-	2,082
Growing Memories	-	9,903	(1,631)	-	8,272
WWI Memorial Artwork	-	2,000	-	-	2,000
Museums Database	-	6,480	-	-	6,480
Year of Young People	-	9,370	(60)	-	9,310
Gaelic Visual Arts	-	5,400	-	-	5,400
Youthlink	-	1,257	(1,257)	-	-
Woodland Management	-	3,055	(3,055)	-	-
<b>Totals</b>	<b>153,832</b>	<b>612,960</b>	<b>(623,132)</b>	<b>-</b>	<b>143,660</b>

Creative Place is funded from Creative Scotland to bring high quality events and exhibitions to Kilmarnock, supporting regeneration and tourism.

Ayrshire Libraries Forum is a network partnership of the three Ayrshire councils, Ayrshire NHS, school, prison and higher education libraries to be used towards the upkeep of Ayrshire Working Lives website.

The WiFi project is funded by the Scottish Library and Information Council. Additional funding was awarded in the year to complete the library Wifi rollout across our part-time libraries not covered by Phase I of the project, including Newmilns, Bellfield and Drongan.

Textile team is a team of volunteers that were originally funded by HLF to carry out restoration and repair of textiles. The remaining funding supports the group to continue with its work.

The Burns Birthday in Mauchline was funded by Eventscotland to provide a celebration of Burns in our Burns House Museum and Library in Mauchline. The event enabled us to present workshops, events and educational activities for schools.

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

---

The McKie Collection funded by Museum Galleries Scotland is to support the digitisation of the McKie collection. A new post will be appointed for 18 months to deliver the project.

Read Write Count is a Scotland wide initiative to improve literacy and numeracy skills for young people.

Funding was received from the Renewable Energy Fund to appoint a project officer to implement the Irvine Valley Trails Project over a 3 year period.

Make Some Noise is a music project funded by Creative Scotland and aimed at young people in a foster, looked-after, kinship or young caring environment and designed to help build self-esteem and provide a range of creative learning opportunities.

DCCP Development Project received funding from the Renewable Energy Fund. This will be drawn down annually for 3 years. This funding is specifically targeted at the biodiversity, paths, volunteering and activities aspects of the project.

Gaidhlig Gailearaidhean at the Dick Institute is a new set of visual art workshops led in Gaelic, and funded by Bòrd Na Gaidhlig

I AM HERE is a major retrospective exhibition of European studio jewellery from the Crafts Council in London. The Dick Institute is the only Scottish venue to host the exhibition, and it is funded by Creative Scotland. The significant engagement programme with 600 Primary 7 pupils, is developed and delivered in partnership with the National Museum of Scotland.

Kilmarnock Green Infrastructure Project has received a funding package of £50,000 to design and development stage of the 18 mile cycle route in and around Kilmarnock. A project officer is being recruited for 1 year to take this forward. The initial £15,000 has been received from East Ayrshire Council's Parks Development Fund with the outstanding being confirmed from the Central Scotland Green Network Fund.

Following the completion of the Countryside Festival in 2015, there was an outstanding balance of £1,549 from the Awards for All grant. Awards for All have agreed that this money can be retained and used as part of the funding package for the upgraded River Ayr Way Signage and Interpretation project. This is scheduled for completion in 2017/18.

As part of a public vote, Wild About the Farm has received £2,000 from the Tesco Bags of Help. This grant will be used to introduce hedges, lades and reed beds into the Urban Farm at Dean Castle Country Park. This work will be carried out with volunteers and students from Ayrshire College.

The Bat Bothy Project has secured £2000 through the Tesco Bags of Help scheme. Working with Xchange Scotland, this unique facility to encourage roosting and hibernating bats with the Country Park will be built by volunteers from across Europe.

As part of the Year of History, heritage and Archaeology, a grant of £10,000 was secured from the Heritage Lottery Fund. This grant will be used to create 2 volunteer apprenticeships, provide a range of rural skills training for volunteers and to purchase tools and equipment to enable traditional rural skills to be carried out at the Country Park.

£9,903 has been awarded to East Ayrshire Leisure to develop a remote volunteering project in partnership with Alzheimer's Scotland. This project will provide all the equipment necessary for people suffering from dementia to grow wildflowers within their own homes. These will then be used to create a wildflower meadow at the Country Park. A celebration day will be organised in Summer 2018 where all volunteers and their families will be invited to a tea party at the Country Park.

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

£2,000 has been awarded to support the purchase and planting of trees and shrubbery associated with the WWI memorial artwork, which has been developed by Pidgin Perfect in collaboration with Scottish makar Jackie Kay, Loanhead Primary School and adults who took part in a poetry workshop.

Museums Database - East Ayrshire Leisure cares for approximately 250,000 objects within the museums it manages on behalf of East Ayrshire Council. Currently these collections are documented on a mixture of ageing and basic database systems. As we progress through the actions outlined within our Accreditation plan, including a full, basic inventory of all collections, plus our work with our Recognised collections, it is clear that we require a modern, future-proof database for use across the museum service, with opportunities for working with external partners in a more co-ordinated and efficient way. The total project cost is £21,600, of which Museums Galleries Scotland has awarded 75% of project costs. The task to procure, install and begin to populate the new database will be complete by the project end-date of 31 Dec 2019.

GENERATION Z - A co-designed programme of events throughout 2018. The launch event features Tom Foster of Judge Dredd fame, fully immersive Virtual Reality experiences, an interactive gaming tournament and a host of other drop in activities, GENERATION Z is a FREE festival for fans of all ages. GENERATION Z is funded by EVENTSCOTLAND.

Magic at the Museum – TIME TRAVELLERS -Time travellers from all frontiers are invited to join us for an exciting multi-sensory arts experience on the theme of TIME TRAVEL! Travellers will arrive at the Dick Institute in the year 2018, to undertake an EPIC journey through storytelling, drama, puppet making and film. Meet award winning children's author Janis MacKay who will tell you all about 'The Reluctant Time Traveller'. Funded by Museums Galleries Scotland.

GAELIC VISUAL ARTS - The Dick Institute's *Gaidhlig Gailearaidhean* will see a second series of workshops facilitated in Gaelic in the galleries, aimed at promoting the use of Gaelic and the development of Gaelic language skills utilising visual arts and culture. Funded by Bord Na Gaidhlig and Creative Scotland

**17. Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Net income/(expenditure) for the reporting period (as per the SOFA)	(627,332)	(535,256)
<b>Adjustments for:</b>		
Interest received	(521)	(2,948)
Depreciation	31,510	31,510
Net cost in respect of pensions	602,000	259,000
(Increase)/decrease in stock	(5,431)	(3,770)
(Increase)/decrease in debtors	(28,448)	280,491
Increase/(decrease) in creditors	517,702	(922,106)
<b>Net cash provided by (used in) operating activities</b>	<b>489,480</b>	<b>(893,079)</b>

**East Ayrshire Leisure Trust**  
**Notes to the Accounts**  
**For the year ended 31<sup>st</sup> March 2018**

**Analysis of cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Cash in hand	1,342,070	852,069
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
<b>Total cash and cash equivalents</b>	<b>1,342,070</b>	<b>852,069</b>

**18. Operating lease commitments**

At 31<sup>st</sup> March 2018, the Trust had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2018</b>		<b>2017</b>
	<b>Land and buildings</b>	<b>Other</b>	<b>Land and buildings</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	1,000	2,464	2,000
Within two to five years	-	1,673	1,000
	<u>1,000</u>	<u>4,137</u>	<u>3,000</u>
	<u>1,000</u>	<u>4,137</u>	<u>3,000</u>
	<u>1,000</u>	<u>4,137</u>	<u>3,000</u>
	<u>1,000</u>	<u>4,137</u>	<u>3,000</u>

**19. Related parties**

East Ayrshire Council (EAC) made a contribution in line with the Services Agreement of £5,111,940 (2017: £5,202,840). Facilities were leased to East Ayrshire Leisure for a peppercorn rent. East Ayrshire Council also provided various support functions including Legal, Finance and IT for which the charity was charged £212,400 (2017: £212,400).

The relevant transactions and balances with East Ayrshire Council were:

<b>2017/18</b>				<b>2016/17</b>			
<b>Income from EAC</b>	<b>Payments to EAC</b>	<b>Due from</b>	<b>Due to</b>	<b>Income from EAC</b>	<b>Payments to EAC</b>	<b>Due from</b>	<b>Due to</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
6,016,027	989,962	714,089	697,183	5,556,784	812,933	737,879	149,804
<u>6,016,027</u>	<u>989,962</u>	<u>714,089</u>	<u>697,183</u>	<u>5,556,784</u>	<u>812,933</u>	<u>737,879</u>	<u>149,804</u>

**20. Contingent Liabilities**

There are four employer liability cases ongoing and one public liability case outstanding. (2017: one employer liability case and no public liability cases).

Employer and public liability cases are handled via East Ayrshire Council's insurer (Zurich). If it is determined that the Trust is liable, it will need to pay the first £500 and the remainder will be covered by the insurer. Until the Assessor has completed its work, the Trust accepts no liability for these claims.

**21. Post Balance Sheet Event**

None

**22. Non-Audit Services**

In common with many other charities of a similar size, the charity's auditor assists with the preparation of the financial statements.



# **East Ayrshire Leisure**

Audit management report for the year ended 31  
March 2018

**August 2018**

# Contents

Introduction.....	1
Financial statements .....	3
Appendix 1: Respective responsibilities .....	9
Appendix 2: Audit differences.....	11
Appendix 3: Review of financial performance .....	12
Appendix 4: Management representation letter.....	14



# Introduction



# Introduction

1. In recognising the importance of effective two-way communication in an audit of financial statements, we have prepared this report to provide you with constructive observations arising from the audit process.
2. International Standards on Auditing (UK) 260, "Communication with those charged with governance" and 265 "Communicating deficiencies in internal control to those charged with governance" require Scott-Moncrieff to report to those charged with governance the significant findings from our audit.
3. This report aims to provide the trustees with constructive observations arising from the audit process. We set out in this report details of:
  - any expected modifications to our audit reports;
  - any unadjusted items in the financial statements (except any unadjusted items which are clearly trivial) including the effect of unadjusted items related to prior periods on the current period;
  - any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures; and
  - any other relevant matters.
4. Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Our audit does not necessarily disclose every weakness and for this reason the matters referred to may not be the only shortcomings which exist. Communication in this report of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
5. We take this opportunity to remind you that:
  - This report has been prepared for the sole use of the Board of East Ayrshire Leisure (the Trust);
  - It must not be disclosed to any third party without our written consent; and
  - No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes.
6. The report has been discussed and agreed with John Griffiths (Chief Executive), Jackie Biggart (People and Finance Manager) and Lorraine Russell (Senior Accountant).
7. We would like to thank the John, Jackie, Lorraine and the rest of the staff for their kind co-operation and assistance during our audit.



# Financial statements

# Financial statements

## Audit conclusion

8. In our opinion the financial statements give a true and fair view and comply with the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities and Trustee Investment (Scotland) Act 2005 and all relevant accounting standards.
9. We are pleased to report that our audit report, which is included in the financial statements, is unqualified. In our opinion, from information provided to us during the audit, no events or conditions appear to exist which cast doubt on the Trust's ability to continue as a going concern. We are therefore satisfied with the disclosure in the financial statements.
10. Our audit opinion is based on your approval of the financial statements and signing of the letter of representation, a draft of which is included as an appendix to this report. Within the letter, you

confirm that there are no subsequent events that require amendment to the financial statements.

## Our assessment of risks of material misstatement

11. The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on each set of financial statements is not modified with respect to any of the risks described in Exhibit 1 below.

## Exhibit 1: Our assessment of risks of material misstatement and how the scope of our audit responded to those risks

### 1. Management override

In any organisation, there is a risk that management and trustees have the ability to process transactions or make adjustments to the financial records outside of the normal financial control processes. Such transactions could lead to a material misstatement in the financial statements. We treat this as a presumed risk area in accordance with International Standard on Auditing (UK) 240, "The auditor's responsibilities relating to fraud in an audit of financial statements".

***Noted in 2017/18 External Audit Plan***

12. We have not identified any indications of management override in the year. We have reviewed the Trust's accounting records and obtained evidence to ensure that transactions outside the normal course of business were valid and accounted for correctly. We have also reviewed management estimates and the journal entries processed in the period and around the year end. We did not identify any areas of bias in key judgements made by management and judgements were consistent with prior years.


**Conclusion:** Satisfactory assurance has been gained in respect of the mitigation of this risk.

## Exhibit 1: Our assessment of risks of material misstatement and how the scope of our audit responded to those risks

### 2. Revenue recognition

Under International Standard on Auditing (UK) 240, "The auditor's responsibilities relating to fraud in an audit of financial statements" there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the Trust's could adopt accounting policies or recognise income in such a way as to lead to a material misstatement in the reported revenue position.

*Noted in 2017/18 External Audit Plan*

- 
13. While we did not suspect incidences of material fraud and error we have evaluated each type of income transaction and documented our conclusions. We have gained reasonable assurance over the completeness and occurrence of income and we are satisfied that income is fairly stated in the financial statements. To inform our conclusion we considered the Trust's revenue recognition policy and carried out testing to ensure this is appropriate and has been applied consistently throughout the year.

**Conclusion:** We have gained satisfactory assurance in respect of the completeness and occurrence of revenue transactions in the year.

### Other risk factors

14. Further to the identification of significant audit risks (Exhibit 1), we also identified in our External Audit Plan risk factors which could potentially result in a material misstatement to the financial statements. An update on these risk factors is outlined below:

#### Best value review of services

15. In 2017, East Ayrshire Council in conjunction with East Ayrshire Leisure and the Galleon Centre carried out a best value review of leisure, sport and cultural services. Work has commenced on the implementation of recommendations from this review; including initial work on the integration of East Ayrshire Leisure and the Galleon Centre.
16. We considered the Trust's progress in implementing the recommendations from the best value review as they would impact on the 2017/18 financial statements. We concluded that there was no impact on the financial statements. We will continue to monitor progress in 2018/19.

#### General Data Protection Regulation (GDPR)

17. The General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679) is a regulation by with the European Parliament, the

Council of the European Union, and the European Commission intend to strengthen and unify data protection for all individuals within the European Union (EU).

18. The regulation came into force in the UK on 25 May 2018 and there are significant financial penalties for non-compliance.
19. During our audit we noted that East Ayrshire Leisure has taken steps to ensure compliance with these Regulations.

### Our application of materiality

20. The assessment of what is material is a matter of professional judgement and involves considering both the amount and the nature of the misstatement. This means that different materiality levels will be applied to different elements of the financial statements.
21. Our initial assessment of materiality for the annual accounts was £130,000. We revised our assessment, following review of the draft annual accounts, to £149,000 and it remained at this level throughout our audit. Our assessment of materiality is set with reference to incoming resources. We consider this to be the principal consideration for the users of the financial statements when assessing the performance of East Ayrshire Leisure.

22. Performance materiality is the amount set by the auditor at less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed materiality for the financial statements as a whole.
23. We set a performance (testing) materiality for each area of work based on a risk assessment for the area. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means we perform a greater level of testing on the areas deemed to be of significant risk of material misstatement. Performance testing thresholds used are set out in the following table:

Area risk assessment £		
High	Medium	Low
74,500	89,400	111,750

24. We noted within our External Audit Plan that we would report all audit differences in excess of 5% of the overall materiality figure, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## Audit differences

25. We identified two audit adjustments; the details of which are disclosed in appendix 2.
26. We did not identify any unadjusted items.

## An overview of the scope of our audit

27. The scope of our audit was detailed in our External Audit Plan. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Trust. This ensures that our audit focuses on the areas of highest risk. Planning is a continuous process and our audit plan is subject to review during the course of the audit to take account of developments that arise.

28. At the planning stage we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.
29. Our standard audit approach is based on performing substantive tests and detailed analytical procedures. Tailored audit procedures, including those designed to address significant risks, were completed by the audit fieldwork team and the results were reviewed by the audit manager and audit partner. In performing our work we have applied the concept of materiality, which is explained earlier in this report.

## Accounting systems and internal controls

30. During the course of our audit of the financial statements, we examined the principal internal controls which trustees have established to enable them to ensure, as far as possible, the accuracy and reliability of the Trust's accounting records and to safeguard its assets.
31. It should be noted that our audit was planned and performed in order to allow us to provide an opinion on the financial statements and it should not be relied upon to reveal all errors and weaknesses that may exist.
32. We are pleased to report that our work did not identify any system weaknesses.

## Fraud and irregularity

33. Responsibility for preventing and detecting fraud and other irregularities lies with the trustees. We are not required to search specifically for such matters and our audit should not be relied upon to disclose them. However, we planned and conducted our audit so as to give a reasonable expectation of detecting any material misstatements in the financial statements resulting from improprieties or breach of regulations.
34. We are pleased to report that we did not identify any issues of concern in relation to fraud and irregularity.

## Legality

35. We planned and performed our audit recognising that non-compliance with statute or regulations may materially affect the financial statements.

36. We are pleased to report that we did not identify any instances of concern with regard to the legality of transactions or events.
37. Under Section 46 of the Charities and Trustee Investment (Scotland) Act 2005, auditors have a responsibility to report items of material significance to the Office of the Scottish Charity Regulator (OSCR).
38. We did not identify any areas of material significance during our audit that required reporting to OSCR.

### Going concern and subsequent events

39. We are required under International Standard on Auditing (UK) 570, "Going Concern" to consider the appropriateness of the trustees' use of the going concern assumption in the preparation of the financial statements, and to consider whether there are material uncertainties about the Trust's ability to continue as a going concern which needs to be disclosed in the financial statements.
40. The term "subsequent events" is used to refer to events occurring between the year-end date of the financial statements and the date of the auditor's report. International Standard on Auditing (UK) 560, "Subsequent events" requires us to assess all such matters before signing our audit report.
41. In order to gain assurance on these matters our work has included (where applicable):
- reviewing bank facilities;
  - a review of budgets covering a period of 12 months from the expected signing of the audit report, together with post year end management accounts;
  - a review of minutes of post balance sheet Board meetings;
  - enquiring of senior management and the Trust's solicitors concerning litigation, claims and assessments; and
  - performing sample testing of post balance sheet transactions.
42. We confirm that there are no issues affecting the Trust's ability to continue as a going concern. As highlighted in the financial statements, the current funding agreement with East Ayrshire Council covers up to 31 March 2019. In the Board's opinion, the Trust will be able to continue for the foreseeable future.

43. No subsequent events were identified requiring amendment to or disclosure in the financial statements. We will update this review at the date of signing the financial statements.

### Other matters identified during our audit

44. We have no other matters to report.

### Qualitative aspects of accounting practices and financial reporting

45. During the course of our audit, we consider the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. The following observations have been made:

Qualitative aspect considered	Audit conclusion
The appropriateness of the accounting policies used.	We have reviewed the significant accounting policies, which are disclosed in the financial statements, and consider these to be appropriate to the Trust.
The timing of the transactions and the period in which they are recorded.	We did not identify any concerns over the timing or the period in which transactions were recognised.
The appropriateness of the accounting estimates and judgements used.	We are satisfied with the appropriateness of accounting estimates and judgements used in the preparation of the financial statements. The principal area of accounting estimate and judgement is the valuation of pension assets/liabilities. The valuation of the defined benefit pension liability is provided by the Trust's actuary, Hymans Robertson. We evaluated the competence, objectivity and capability of management experts in line with the requirements of ISA (UK) 500 and concluded that use of the expert is appropriate.
The appropriateness of the going concern assumption.	We have reviewed the financial forecasts for 2018/19. Our understanding of the legislative framework and activities undertaken provides us with sufficient assurance that the Trust will continue to operate for at least 12 months from the signing date.
The potential effect on the financial statements of any uncertainties, including significant risks and disclosures such as pending litigation that are required to be disclosed in the financial statements.	There are no uncertainties, including any significant risk or required disclosures, which should be included in the financial statements.
The extent to which the financial statements have been affected by unusual transactions during the period and the extent that these transactions are separately disclosed in the financial statements.	From our testing performed, we identified no unusual transactions in the period.
Apparent misstatements in the trustees' annual report or material inconsistencies with the financial statements.	There are no misstatement or material inconsistencies between the trustees' annual report and the financial statements.
Any significant financial statement disclosures to bring to your attention.	There is no significant financial statement disclosures that we consider should be brought to your attention. All disclosures made are required by relevant legislation.
Disagreement over any accounting treatment or financial statement disclosure.	There was no disagreement during the course of the audit over any accounting treatment or disclosure.
Difficulties encountered in the audit.	There were no difficulties encountered in the audit.





# Appendices



# Appendix 1: Respective responsibilities

## Responsibilities of the Trustees

Under legislation relating to charities in Scotland, the trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of the charity's affairs and of its incoming resources and application of resources, including its surplus or deficit for that year, and which have been properly prepared from and are in agreement with the accounting records of the Trust and comply with relevant disclosure requirements.

In preparing those financial statements, the trustees 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue its activities.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the Trust's financial position and enable them to ensure that the financial statements comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). The trustees also have general responsibility for taking such steps as are reasonably open to them to safeguard the Trust's assets and to prevent and detect fraud and other irregularities.

## Responsibilities of the auditor

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

The audit includes the consideration of internal controls relevant to the preparation of the financial statements but we do not express an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies in control that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to those charged with governance.

## Confirmation of independence

International Standard on Auditing (UK) 260, "*Communication with those charged with governance*" requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

In addition to the audit of the financial statements, Scott-Moncrieff provides accounts preparation services to the charity (previously commissioned by East Ayrshire Council). Preparation of the financial statements is not considered to impact on the Firm's independence due to the presence of informed management. We prepare the financial statements from the final trial balance provided by East Ayrshire Leisure. No significant disclosures, adjustments or estimates are decided by Scott-Moncrieff.

Scott-Moncrieff also provides tax and VAT services to the charity. All tax services are provided by independent partners and staff who have no involvement in the audit of the financial statements.

During 2017/18 we were instructed by East Ayrshire Leisure to undertake financial due diligence on the Galleon Centre. This work was delivered by staff who have no involvement in the audit of the financial statements.

We can confirm that we have complied with the FRC's Revised Ethical Standard 2016. In our professional judgement the audit process is independent and our objectivity is not compromised.

For part of 2017, an employee of Scott-Moncrieff, Elizabeth Young, served as vice chair of the board and sat on the Performance & Audit Sub Committee. In accordance with the FRC's Revised Ethical Standard 2016, in our professional judgement the audit process is independent and our objectivity is not compromised, as the following safeguards were in place:

- She did not accept any invitation to chair the Performance & Audit Sub Committee
- She was absent from any committee meetings at which the performance or remuneration of the auditor was discussed; and
- She took no part in any meetings with us and the directors to discuss the planning or results of the audit.
- We confirm that we implemented internal safeguards to ensure Elizabeth had no involvement in our audit work and that no members of staff working on the audit discussed any aspects of the audit with her.

Elizabeth resigned from her post as a Trustee of East Ayrshire Leisure in September 2017.

## Appendix 2: Audit differences

We identified the following adjustments during the audit. We have discussed these adjustments with management have agreed that they should be incorporated into the financial statements.

	Balance Sheet		Statement of Financial Activities		Recognised gains and losses per SOFA	
	Dr	Cr	Dr	Cr	Dr	Cr
	£	£	£	£	£	£
1 Charitable Expenditure			(498,000)			
Other (net interest on defined benefit pension scheme)			(104,000)			
Actuarial gains/losses						4,273,000
Pension liability	(3,671,000)					

*Being incorporation of actuarial information into the financial statements.*

2 Creditors	10,172	
Income		(10,172)

*Being adjustment to remove deferred income in 2017/18 and adjust for 2016/17 deferred income.*

<i>Net impact on income/(expenditure) in year</i>	<b>(612,172)</b>
---------------------------------------------------	------------------

<i>Net expenditure per the Trust's management accounts</i>	<b>(15,160)</b>
------------------------------------------------------------	-----------------

<i>Revised net (expenditure) per audited financial statements</i>	<b>(627,332)</b>
-------------------------------------------------------------------	------------------

## Appendix 3: Review of financial performance

The table below summarises the financial performance of the Trust for the year ended 31 March 2018.

	2018 £	2017 £	Commentary															
Total income	7,453,381	7,341,046	The management fee received from the Council in 2017/2018 was lower than the prior year (£5,111,940 in 2016/17 in comparison to £5,202,840 in 2016/17). This is offset with an increase in restricted funds received in the year (2017/18 £612,960 in comparison to £342,112 in 2016/17).															
Total expenditure	8,080,713	7,876,302	<p>Overall expenditure has increased in comparison with the previous year. The net interest in the defined benefit scheme has increased, £104,000 in 2017/18 in comparison to £32,000 in 2016/17).</p> <p>Staff costs have decreased. Pension costs however have increased in the year; this is largely as a result of the adjustment for actuarial information:</p> <table><tr><td></td><td>2018</td><td>2017</td></tr><tr><td></td><td>£</td><td>£</td></tr><tr><td>Superannuation</td><td>632,293</td><td>647,903</td></tr><tr><td>Adjustment for actuarial information</td><td>498,000</td><td>227,000</td></tr><tr><td><b>Pension costs</b></td><td><b>1,130,293</b></td><td><b>874,903</b></td></tr></table>		2018	2017		£	£	Superannuation	632,293	647,903	Adjustment for actuarial information	498,000	227,000	<b>Pension costs</b>	<b>1,130,293</b>	<b>874,903</b>
	2018	2017																
	£	£																
Superannuation	632,293	647,903																
Adjustment for actuarial information	498,000	227,000																
<b>Pension costs</b>	<b>1,130,293</b>	<b>874,903</b>																
Net income/ (expenditure)	(627,332)	(535,256)																

	2018 £	2017 £	Commentary
<b>Funds:</b>			
General Fund	336,235	282,525	The Board has approved an unrestricted reserve of between 3-5% of incoming resources to be set aside to provide some protection and mitigate against future economic conditions. This target has been achieved.
Designated	216,710	285,580	
Pension reserve	64,000	(3,607,000)	<p>At 31 March 2017, East Ayrshire Leisure showed a net liability of £3,607k. By 31 March 2018 this had decreased to a net pension asset of £64k. Both the fair value of employer assets and the present value of the scheme liabilities have improved.</p> <p>Strathclyde Pension Fund's triennial valuation was conducted as at 31 March 2017. The triennial valuation sets contribution rates for the next three years commencing 1 April 2018 for which the contributions have remained the same for East Ayrshire Leisure.</p> <p>The triennial valuation also informs the annual actuarial valuation as at 31 March 2018. This can result in larger movements caused by other experience which is driven by the use of updated membership data.</p> <p>As sponsoring authority, East Ayrshire Council has guaranteed to accept liability for any unfunded costs which may arise with regard to the Trust relating to their membership in the local government pension scheme, should they cease to exist.</p>
Restricted funds	143,660	153,832	Includes transfer between unrestricted and restricted funds of £324,000.
<b>Total funds</b>	<b>760,605</b>	<b>(2,885,063)</b>	

# Appendix 4: Management representation letter

## LETTER OF REPRESENTATION: EAST AYRSHIRE LEISURE

This representation letter is provided in connection with your audit of the financial statements of East Ayrshire Leisure for the year ended 31 March 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the charity for the year ended 31 March 2018, the following:-

### Financial statements and accounting records

1. We have fulfilled our responsibilities under the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and for making accurate representations to you.
2. We have provided you with:
  - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. Except as disclosed in the financial statements, the results for the year were not materially affected by:
  - any change in accounting policies;
  - transactions of a type not usually undertaken by the Trust;
  - circumstances of an exceptional or non-recurrent nature; or
  - charges or credits relating to prior periods.
5. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
6. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
7. We confirm that there were no restrictions over the donations received and applied to the purchase of the Eglinton Statue.
8. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.
9. We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in the financial statements in order to give a true and fair view.

10. We confirm the financial statements are free of material misstatements, including omissions.

#### **Fraud**

11. We acknowledge as trustees our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
12. In our opinion, the risks that the financial statements may be materially misstated as a result of fraud are low for the following reasons:
- Measures have been put in place by management to reduce the risk of fraud and the improper use, or misappropriation of assets.
  - The board undertakes a formal risk review at least once a year, covering a wide range of risks associated with governance, operations, finance and compliance. The risk of fraud and misuse of assets is specifically included in that review.
13. We have disclosed to you all information in relation to fraud or suspected fraud of which we are aware and that affects the entity and involves:
- management
  - employees who have significant roles in internal control
  - others where the fraud could have a material effect on the financial statements.
14. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.

#### **Compliance with laws and regulation, and contractual agreements**

15. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
16. The Trust has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

#### **Accounting estimates**

17. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.

#### **Related parties**

18. We have disclosed to you the identity of the charity's related parties and all related party relationships and transactions of which we are aware.
19. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice.
20. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the Trust at any time during the year.

#### **Assets and liabilities**

21. The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:
- losses arising from sale and purchase commitments;
  - agreements and options to buy back assets previously sold;
  - assets pledged as collateral.

22. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice.
23. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
24. We have no plans to abandon activities or other plans or intentions that will result in any excess or obsolete stocks, and no stock is stated at an amount in excess of net realisable value.
25. The Trust has satisfactory title to all assets and there are no liens or encumbrances on the charity's assets, other than as disclosed in the financial statements.
26. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.

#### **Subsequent events**

27. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....

Signed on behalf of the board

On..... (date)

The above trustee is signing this letter on behalf of all trustees confirming that:

- a) so far as each trustee is aware, there is no relevant audit information of which the Trust is unaware; and
- b) each trustee has taken all the steps that ought to have been taken as a trustee, including making appropriate enquiries of fellow trustee and of the Trust for that purpose, in order to be aware of any information needed by the Trust's auditor in connection with preparing their report and to establish that the Trust's auditor is aware of that information.





**Scott-Moncrieff**  
business advisers and accountants

© Scott-Moncrieff Chartered Accountants 2018. All rights reserved. "Scott-Moncrieff" refers to Scott-Moncrieff Chartered Accountants, a member of Moore Stephens International Limited, a worldwide network of independent firms. Scott-Moncrieff Chartered Accountants is registered to carry on audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants of Scotland.

## PERFORMANCE REPORT APRIL TO JUNE 2018

Date: 20 August 2018

Agenda Item: 5

Report by: John Griffiths, Chief Executive

### Summary

This report provides details of the Trust's performance for the period April to June 2018, the first quarter of the 2018/19 financial year. The report projects a breakeven financial position and highlights a wide range of initiatives being undertaken to promote and develop usage of facilities and services.

## I PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Trustees with a detailed analysis of Trust performance across a range of headings previously agreed by the Board.

## 2 BACKGROUND

- 2.1 The Trust's performance reporting procedures are now well established and are regularly reviewed and updated. The Performance Scorecard has been updated and included in this report. The Risk Register is also included with no updates proposed at this time.
- 2.2 A statement of the opening annual budget for 2018/19 is included in the finance section of the report. This statement, which details the year's budget after savings targets have been agreed, is submitted for approval in line with the recommendations of the recent Internal Audit Report into Trust governance which features elsewhere on this Agenda.

## 3 RESULTS

### 3.1 BUSINESS PLAN

The report highlights significant progress towards achieving the goals and targets of the 2018/19 Business Plan. A wide range of programming and marketing activities have been implemented during the quarter with the aim of generating income and/or attendances.

### 3.2 FINANCE

A breakeven position is projected in the report. This assessment is based on full achievement of income targets in Sport and Fitness, full compensation for lost income during the extended partial closure of Annanhill Golf Course being paid to the Trust, and a satisfactory solution to the issues surrounding income from bookings at some schools being implemented. These issues are highlighted in the report.

### Recommendation/s:

It is recommended that the Performance and Audit Sub-Committee:

- i. Consider and approve the Performance Report for April to June 2018;
- ii. Approve the Annual Budget for 2018/19 shown in the report; and

iii. Otherwise note the content of this report.

Signature:

A handwritten signature in black ink, appearing to be "J. Hall", written over a light blue horizontal line.

Designation: Chief Executive

Date: 6 August 2018

# **East Ayrshire Leisure Performs**

## **April - June 2018**



<b>Progress Against 2016-19 Action Plan.....</b>	<b>Page 2</b>
<b>Financial Performance.....</b>	<b>Page 17</b>
▪ Income & Expenditure - by Service	
<b>Other Relevant Updates.....</b>	<b>Page 39</b>
<b>Performance Scorecard.....</b>	<b>Page 42</b>
<b>Risk Register.....</b>	<b>Page 47</b>



# PROGRESS AGAINST 2016-19 ACTION PLAN

**Key:** RED (REQUIRES INTERVENTION) AMBER (WITHIN TOLERANCE) GREEN (POSITIVE PERFORMANCE)

**STRATEGIC OBJECTIVE ONE – TO BE RECOGNISED AS A PROVIDER OF HIGH QUALITY SERVICES AND FACILITIES THAT ARE WELL USED**

ACTION NO	ACTION	TARGET	PROGRESS OVERVIEW/HIGHLIGHTS AT APRIL – JUNE 2018
EAST AYRSHIRE LEISURE I.1	Increase Customer Satisfaction levels	Show annual customer satisfaction improvements each year of Business Plan	<ul style="list-style-type: none"> <li>Programme in place for Mystery Shopping to be carried out – administered by VisitScotland, and reflecting the accreditation scheme; progress against Action Plan is monitored quarterly</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p>
EAST AYRSHIRE LEISURE I.2	Increase attendance levels/ticket sales through programme development both in person and online.	<p>Increase levels of attendance/ticket sales by 5% over the term of the business plan. This is no longer achievable given the significant savings and changes to service that have been made and will continue to be made until end of three year Business Plan period. 2018/19 target figures are based on a review of 2017/18 figures for each venue with an average increase of 2% across Sport and Culture service areas. Due to closures at both Annanhill and Dean Castle Country Park during the Business Plan period, Countryside and Outdoor Activities projections are based on a venue by venue basis.</p> <p>Continue to invest in programme development.</p>	<ul style="list-style-type: none"> <li>Overall attendance levels within Countryside and Outdoor Activities has shown an increase of 10% against profiled targets (Target = 394306, Actual = 434235).</li> <li>Dean Castle Country Park is fully open again and has benefitted from the fine spring weather and is exceeding the attendance targets set for the year by 8%. The River Ayr Way has shown a slight decrease from target of nearly 3%.</li> <li>Due to the ongoing works at Annanhill Golf Course, there has been a significant decline in season ticket and daily round figures. The contractor was scheduled to be finished all works on the golf course in March 2018, but is now scheduled to be complete by the end of July 2018. This will impact on the entire season as much of the site will remain under repair for the full year.</li> <li>The Ayrshire Athletics Arena has had an excellent quarter 1, with an increase of over 50% on the target for the period. During this period, we hosted a number of large events including Roon the Toon and the West Districts Athletics Championships.</li> <li>Spring holiday programme was fully booked and the Spring Rural Life Celebration attracted over 3,000 people to the Country Park over the Easter weekend.</li> <li>Cultural Services - Performance Q1 increases by 4% on revised target (Target 122,756 and Actual 127,801). This is due to the programming strategies that</li> </ul>

			<p>were implemented some of which are highlighted below:</p> <ul style="list-style-type: none"> <li>• Programme highlights include Bricktropolis which has proven to be very popular and has attracted strong visitor numbers. In addition £6K sponsorship was raised to support exhibition from South West Consortium companies. Dean Castle collections also moved to the Dick Institute and are now on display. Approximately 85% of the collections have now been moved and this starts the planned programme, linked to the Dean Castle project. Generation Z was also launched at the Dick Institute in June and attracted large crowds of young people. This was followed by Magic at the Museum workshops. As with previous years we also supported the Mauchline Holy Fair with open access to Burns House Museum. We continue to offer a wonderful programme of learning across our arts and museums with DO Art @ the DI regularly selling out and our ever popular 'Explorers' programme.</li> <li>• Across our libraries we continue to promote our Love Your Library campaign, which was rolled out across targeted libraries and also our mobiles. This has helped to increase the profile of the libraries and also encourage new memberships. Bookbug and special sessions like our 'Step back In Time' programme continues to reach out and attract new audiences/users.</li> <li>• Our Performing Arts Venues provide high profile events and highlights include the Ed Byrne, Little Mix show and a range of children/youngpeople friendly shows. EAYT also produced the fantastic Wizard of Oz. In Cumnock we hosted a range of shows that have all be well received including local band night and the re-introduction of tea dances. The highlight was the production of Slumber Sisters by the National Theatre of Scotland and Catherine Wheels which played to schools audiences.</li> <li>• Future Museum continued to perform well in QI with a 25% increase on target. Increase is due to development work around Burns and Dean Castle and new content being generated.</li> <li>• eastayrshireleisure.com sessions are currently below target, however social media figures are continuing to rise and posts are performing well with good engagement.</li> <li>• Sport &amp; Fitness QI attendance projection achieved. (Target = 157930, Actual = 158101)</li> </ul>
--	--	--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



			<ul style="list-style-type: none"> <li>Ongoing development and implementation of Sport and Fitness core activities and programmes for Badminton, Fitness, Football and Swimming for children, young people and adults delivered across facility remit.</li> <li>Fitness Memberships sales are up 35% in Q1 compared to the same period last year</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p> <p>An overall increase of 7% has been achieved against revised quarter 1 targets (Target = 674,992 Actual = 720,137).</p>
EAST AYRSHIRE LEISURE 1.3	Achieve new quality standards and/or maintain current Accreditation standards	<b>Visit Scotland:</b> 4 star: Dick Institute 4 star: Baird Institute 4/5 star: Dean Castle and Country Park 4 star: Burns House Museum 4 star: Palace and Grand Hall Complex 4 star: Ayrshire Athletics Arena	No change
		<b>Arts Council England Museum Accreditation:</b> Dean Castle/Baird/Burns House/Dick Institute maintained.	No change
		<b>Collection Significance:</b> Musical Instrument/Burns Collections maintained.	No change
		<b>How Good Is Our Public Library Service:</b> 2016/17 – 1 indicator tested; 2017/18 – further 2 indicators tested; 2018/19 – further 2 indicators tested.	<ul style="list-style-type: none"> <li>Given changes to Library Service we are discussing suitable timeline for starting review in 2018/19 and possibly linking this with the How Good Is Our Culture and Sport Service emerging guidance from SPORTA.</li> </ul>
		<b>British Computer Society Accreditation: Maintain annual accreditation</b>	No change

		<b>UKA:</b> Maintain Certification at Ayrshire Athletics Arena	<ul style="list-style-type: none"> <li>UKA declared Ayrshire Athletics Arena is fit for competitions. UKA no longer carry out full accreditation programme.</li> </ul>
		<b>FIFA:</b> Certification of all Synthetic Grass Pitches	<ul style="list-style-type: none"> <li>Valid certification held for all S&amp;CV Synthetic Grass Pitches</li> </ul>
		Maintain status as <b>RLSS</b> Approved Training Centre	<ul style="list-style-type: none"> <li>East Ayrshire Leisure recognised as RLSS Approved Training Centre</li> </ul>
		Gain <b>Green Flag</b> award for Dean Castle Country Park and Annanhill Golf Course during life of Business Plan.	<ul style="list-style-type: none"> <li>Assessment scheduled for Dean Castle Country Park in January 2019</li> <li>Assessment scheduled for Annanhill Golf Course in 2019</li> </ul>
		UKactive: achieve membership criteria	<ul style="list-style-type: none"> <li>Ongoing dialogue with UKactive regarding full membership. Membership status to be achieved Q2 of 2018/2019.</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p>
EAST AYRSHIRE LEISURE 1.4	Maintain and sustain high level partnerships that support service delivery and improvement.	Maintain current partnership network.	<ul style="list-style-type: none"> <li>Stewarton Academy has received funding through the Princes Trust to work in partnership with Ayrshire College, Scottish Rural College and East Ayrshire Leisure to develop and offer a new SVQ level 4 qualification in Rural Skills. East Ayrshire Leisure will provide the training and work experience to 10 students from Stewarton Academy throughout the 18/19 academic session with Ayrshire College and SRUC carrying out the assessments.</li> <li>Work is ongoing with Annahill Golf Club to develop proposals to relaunch Annahill Golf Course in 2019 following the significant construction and drainage programme throughout 2017/18.</li> <li>Regular liaison meetings have been held with Kilmarnock Harriers and Scottish Athletics to re-establish the Ayrshire Athletics Partnership. This will be extended to include Ayr Seaforth and North Ayrshire Athletics Clubs.</li> <li>GENERATION Z was funded by EventScotland and designed and delivered alongside a group of six young people who have been working with us over the last six months.</li> </ul>

			<ul style="list-style-type: none"> <li>• Worked with CAMPS to support events at Cumnock Town Hall</li> <li>• Worked with Holy Fair committee to deliver Mauchline Holy Fair</li> <li>• Worked with Open Studios Ayrshire to launch their 2018 Open Studios weekend.</li> <li>• Worked with Ayrshire College in the delivery of their annual Art Graduates exhibition.</li> <li>• Worked with Museum Galleries Scotland to fund the Content Management System</li> <li>• Worked with Scottish Book Trust for Live Literature, Bookbug and Book Week Scotland funding.</li> <li>• Continue to work with work coaches from EAC providing space/computers in libraries to help people back into work.</li> <li>• Continue to work with Revenues and Benefits Team and DWP as part of Universal Credit Working party – we provide access for work coaches and customers to access computers both outwith and within library opening hours.</li> <li>• Museums team worked with Cumnock History Group to deliver the Pennylands Camp 22 exhibition and workshop programme.</li> <li>• Ongoing work with key partners and sports groups/clubs to grow and develop the provision of sporting/physical activity opportunities and events under Sport and Fitness. Externally funded Community Sports Hubs Initiative and post has transferred to East Ayrshire Council with Sport and Fitness support role under EAC.</li> <li>• Continued work supporting 60 sports clubs across 6 Community Sports Hubs.</li> <li>• Partnership agreements through the Community Sport Hubs with the schools</li> </ul>
--	--	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

			<p>on dual use sites has allowed for shared equipment to be accessed to support the Trust's Sports Coaching Programme.</p> <ul style="list-style-type: none"> <li>• Attendance at SPORTA Executive, HR and Finance meetings to develop relationships with other Trusts.</li> <li>• Ongoing work with Disclosure Scotland to ensure compliance with the Code of Practice.</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p>
EAST AYRSHIRE LEISURE 1.5	Introduce a system to audit, monitor and improve environmental efficiency across our core facilities	Create annual improvement plan and work with East Ayrshire Council to ensure our venues/facilities meet our environmental objectives.	<ul style="list-style-type: none"> <li>• Funding has been secured through East Ayrshire Council to upgrade the heating controls within 3 key sites; Palace Theatre, Grand Hall and Dick Institute. It is anticipated that the upgrades will reduce gas consumption, carbon emissions and costs. East Ayrshire Council are in the process of appointing a contractor.</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p>

**STRATEGIC OBJECTIVE TWO – TO ENHANCE PEOPLE'S HEALTH AND WELLBEING THROUGH PARTICIPATION**

ACTION NO	ACTION	TARGET	PROGRESS AT APRIL – JUNE 2018
EAST AYRSHIRE LEISURE 2.1	Increase general participation /attendance levels across service areas	Increase levels of attendance/ticket sales by 5% over the term of the business plan. This is no longer achievable given the significant savings and changes to service that have been made and will continue to be made until end of three year Business Plan period. 2018/19 target figures are based on a review of 2017/18 figures for each venue with an average increase of 2% across Sport and Culture service areas. Due to closures at both Annanhill and Dean Castle Country Park during the Business Plan period, Countryside and Outdoor Activities projections are based on a venue by venue basis.	<ul style="list-style-type: none"> <li>• Cultural Services - Performance Q1 increases by 4% on revised target (Target 122,756 and Actual 127,801). This is due to some of the programming strategies that were implemented some of which have been highlighted at 1.2 for Cultural performance.</li> <li>• Overall attendance levels within Countryside and Outdoor Activities has shown an increase of 10% against profiled targets (Target = 394306, Actual = 434235). Participation at events at the Ayrshire Athletics Arena and Dean Castle Country Park have been higher than anticipated with children's activities being fully booked.</li> <li>• A detailed engagement programme for the Castle and Dick Institute around the development works has now started.</li> <li>• 3656 children aged between 2-14 years attended the Sports Coaching programmes for Athletics, Badminton, Football, Gymnastics</li> <li>• Introduction of additional sessions for Rookie Lifeguard at Auchinleck Leisure Centre for those aged 8-12 to support pathway and popularity of programme in the local community.</li> <li>• 267 Gold membership attendances were recorded in Q1.</li> <li>• Revised fitness programme and the introduction of Les Mills classes at Stewarton Sports Centre as been popular, contributing to increased membership sales. Plans are now in place to roll out additional programmes across key venues with the introduction of Direct Debit memberships in Q2.</li> <li>• New progressive class programme for Boxercise introduced at Doon Valley Leisure Centre to help facilitate demand and support retention strategy. New circuit programme session added to timetable.</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p>

			An overall increase of 7% has been achieved against revised quarter 1 targets (Target = 674,992 Actual = 720,137).
EAST AYRSHIRE LEISURE 2.2	Increase opportunities for/numbers of young people (12-25) using our services.	<ul style="list-style-type: none"> <li>• Increase by 1% each year number of young people using our service areas.</li> <li>• Raise £50K external funding during life of Business Plan to support programmes aimed at young people.</li> <li>• Maintain and develop 2 partnerships/initiatives each year to support young people centred programmes e.g. EASC Affiliated Sports Clubs, Youth Arts Network, Vibrant Communities.</li> <li>• Offer reduced cost/free access to facility/project use for targeted groups of young people.</li> <li>• Carry out project surveys to measure behavioural change impact in 2016/17/18/19</li> </ul>	<ul style="list-style-type: none"> <li>• Funding has been secured from the Scottish Natural Heritage to develop a Natural Leaders Project aimed at S4 and S5 pupils in Auchinleck, Cumnock, Doon and Kilmarnock Academies. This project will involve the young people identifying local greenspaces of note, developing management plans and achieving Local Nature Reserve status for these sites. Subject to match funding, this project will start in October 2018 for 2 years.</li> <li>• The Countryside Ranger Service contributed to the annual Danger Detectives programme led by Vibrant Communities. Over 1200 primary school pupils took part in countryside safety activities over the 2 week period.</li> <li>• School trips were welcomed back to the Country Park throughout April to June. Schools came from all over west of Scotland including a full school visit from Lochranza Primary School and a 'leavers' celebration from Prestwick Academy. 2600 school pupils visited the Country Park in Q1.</li> <li>• An application has been made to Creative Breaks to enable us to offer respite activities in the residential centre for young carers. A decision is scheduled to be made in August 2018.</li> <li>• A funding bid to Heritage Lottery Fund's Year of Young People Programme has been submitted to provide an extension to the successful Youthlink Project that was piloted in February 2018. A decision is expected in August 2018.</li> <li>• Cultural services have developed a range of engagement programmes around visual art (children's, adult and Gaelic workshops), and museums (Egyptian, Roman and WWII workshops), some of which are income generating. The Cumnock Town Hall programme has been particularly young person centred during this quarter and has provided valuable engagement opportunities around our shows.</li> </ul>

			<ul style="list-style-type: none"> <li>Cultural Services were awarded £10K funding towards EventScotland's Year of Young People 2018. Funding supports a cultural programme led by young people at the Dick Institute.</li> <li>101 weekly sessions are on offer for those age 12 plus to participate in a wide range of sport and fitness activities. Sessions are delivered directly by East Ayrshire Leisure or in partnership with local sports clubs and organisations.</li> <li>17 Junior Membership (8-13 years) sold in Q1</li> <li>177 youth memberships (14-18yrs) were sold in Q1</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p>
EAST AYRSHIRE LEISURE 2.3	Maximise access to our facilities and programmes for people with physical, sensory or learning disabilities.	<ul style="list-style-type: none"> <li>Apply audit findings where appropriate, in 2017/18/19</li> <li>Support people using our facilities/ programmes with mixed ability needs.</li> </ul>	<ul style="list-style-type: none"> <li>A funding bid has been submitted to Greggs Foundation to develop the sensory garden at Dean Castle Country Park. The aim is to provide a 'food for free' garden that will be accessible to all visitors to enjoy.</li> <li>Action on Hearing Loss sessions took place across various libraries.</li> <li>Park School attended the library for a themed storytelling session in December.</li> <li>Concessionary discount on our gym and fitness memberships for adults with a disability allowing access to our gyms, swimming pools, athletics track and fitness classes. 44 memberships under this category sold in Q1.</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p>
EAST AYRSHIRE LEISURE 2.4	Increase opportunities for/numbers of older people (60+) using our services.	<ul style="list-style-type: none"> <li>Increase attendance by older people by 1% each year.</li> <li>Ensure we have programmes that are attractive to older users.</li> <li>Carry out sample surveys to measure behavioural change impact in 2016/17/18/19</li> </ul>	<ul style="list-style-type: none"> <li>Developing programmes with Vibrant Communities team around aspects of library delivery and the Dean Castle project.</li> <li>Over 200 participants have taken part in our Growing Memories Project. The growing memories wildlife garden has been established at the Country Park using wildflowers that have been grown in care environments across East</li> </ul>

		<ul style="list-style-type: none"> <li>• Develop and maintain partnerships each year to support older people centred programmes e.g. NHS Ayrshire &amp; Arran, Vibrant Communities.</li> </ul>	<p>Ayrshire. The celebration day will be held in July 2018.</p> <ul style="list-style-type: none"> <li>• Libraries supported the Opportunities In Retirement book group.</li> <li>• A series of talks aimed at older people took place as part of the Pennylands Camp 22 exhibition at the Baird Institute.</li> <li>• Concessionary discount on our gym and fitness memberships for adults over 60 years old being promoted, allowing access to our gyms, swimming pools, athletics track and fitness classes. 97 memberships sold in Q4 in 2017/18.</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p>
--	--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



**STRATEGIC OBJECTIVE THREE – TO ENHANCE EAST AYRSHIRE'S TOURISM OFFER**

ACTION NO	ACTION	TARGET	PROGRESS AT APRIL – JUNE 2018
EAST AYRSHIRE LEISURE 3.1	Increase visitor attendance at our key tourist attractions including: Dick Institute, Dean Castle & Country Park, Baird Institute, Doon Valley Museum, Burns House Museum & Library, River Ayr Way, Palace & Grand Hall Complex and Cumnock Town Hall	<ul style="list-style-type: none"> <li>• Increase levels of visitor attendance in line with targets set in local Tourism Strategies.</li> <li>• Develop cultural/countryside and sport tourism packages with Visit Scotland/EAC to promote our venues/events.</li> <li>• Submit external funding bids to support tourism development across our facilities/venues.</li> <li>• Maintain and develop partnership working with Visit Scotland/ EventsScotland to support our programmes.</li> </ul>	<ul style="list-style-type: none"> <li>• Cultural Services - Performance Q1 – listed Tourist venues show visitor numbers of 96,698 and shows a marginal increase on target. This is due to the programming strategies that were implemented some of which are highlighted below:</li> <li>• Dean Castle project is being tendered at present and due for start date of Sept/Oct 2018.</li> <li>• Bricktropolis was launched in June and will run for 6 weeks. It has drawn visitors from across Scotland.</li> <li>• Museum Galleries Scotland awarded grant to support the creation of a new Content Management System for our collections.</li> <li>• Countryside and Outdoor Activity venues listed as tourism venues have shown an increase of just over 6% against projected Q1 target. This includes over 327k visits to Dean Castle Country Park and just over 53k visits to the River Ayr Way.</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p> <p>An overall increase of 7% has been achieved against revised quarter 1 targets for venues listed as tourism venues</p>
EAST AYRSHIRE LEISURE 3.2	Work with local groups to add value to the tourism offer.	<ul style="list-style-type: none"> <li>• Work with 4 groups each year to support community development and to harness local knowledge.</li> </ul>	<ul style="list-style-type: none"> <li>• The first £325,000 of funding has been received from the Low Carbon Transport and Travel fund to implement the Irvine Valley Trails Project. Match funding decisions are expected in August/September 2018.</li> <li>• A funding bid for £1.1 million has been submitted to Sustrans Scotland's Community Links Fund for the implementation of the Kilmarnock Green Infrastructure Project to create an 18km, figure of 8, off road cycle route around Kilmarnock. This route will connect residential areas of Kilmarnock with the town centre, schools, key attractions including the Dick Institute and</li> </ul>

			<p>the Country Park, parks and sports centres. A decision is expected in July 2018. If successful, this will provide a 50% of project costs. Positive discussions over match funding have taken place with Scottish Natural Heritage for a submission in November to the ERDF Green Infrastructure Fund.</p> <ul style="list-style-type: none"> <li>Cultural services worked with Cumnock Community group to deliver the Pennylands Camp 22 project for the Baird Institute.</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p>
--	--	--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

#### STRATEGIC OBJECTIVE FOUR – TO BE RECOGNISED AS AN EMPLOYER OF CHOICE

ACTION NO	ACTION	TARGET	PROGRESS AT APRIL – JUNE 2018
EAST AYRSHIRE LEISURE 4.1	Increase levels of staff satisfaction from 2016/17 baseline.	<ul style="list-style-type: none"> <li>Respond to survey findings.</li> <li>Maintain constructive relationship with Trade Union – 6 meetings annually.</li> <li>Maintain absence to below acceptable level of 8 days per annum.</li> <li>Continue to achieve low levels of formal Grievances</li> </ul>	<ul style="list-style-type: none"> <li>Absence level recorded for the period 1 April to 24 June was 1.84 days. This is primarily due to long term absence.</li> <li>No Grievance Appeals were held during this period.</li> <li>First staff e-newsletter including links to all key information/documents has been issued</li> <li>Cross-sector staff working groups established to look at key aspects of business development</li> <li>Our first Staff Information Day, Exchange, took place on 23rd/24<sup>th</sup> June at Cumnock Town Hall and Grand Hall, Kilmarnock. Feedback from staff has been very positive.</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p>
EAST AYRSHIRE LEISURE 4.2	Increase the number of volunteering, placement and apprenticeship opportunities.	<ul style="list-style-type: none"> <li>6 Modern Apprenticeships during life of Business Plan subject to funding.</li> <li>10 work placements during life of</li> </ul>	<ul style="list-style-type: none"> <li>Friends of Dean continues to meet every 2 weeks with a core group of 15 volunteers taking part in a range of activities including maintenance, conservation tasks and event management.</li> </ul>

		<p>Business Plan</p> <ul style="list-style-type: none"> <li>• 3 interns during life of Business Plan.</li> <li>• Individual volunteers increase by 2% each year</li> <li>• Volunteer days increased by 2%</li> </ul>	<ul style="list-style-type: none"> <li>• In Q1, Countryside and Outdoor Activities worked with 16 placements from Ayrshire College who worked with the Estates team at Dean Castle Country Park and Annanhill Golf Course and 2 school work experience pupils.</li> <li>• 135 volunteer days were carried out at Dean Castle Country Park including Friends of the Dean, Rural Skills volunteer training days, ecological survey volunteers and event management volunteers.</li> <li>• Cultural Services currently has four active volunteers who assist on a weekly basis with the visual art classes and with EAYT. School placements are supported on an ongoing basis throughout the school year.</li> <li>• GENERATION Z has six young people volunteering on an ongoing basis as part of the Year of Young People programme.</li> <li>• 14 people continue to actively volunteer through our highly successful Textile Team temporarily based at the old Kirkstyle Primary School building.</li> <li>• Four people have also been volunteering on Dean Castle collection movement project.</li> </ul> <p><b>POSITIVE PERFORMANCE</b></p>
EAST AYRSHIRE LEISURE 4.3	Advance staff through training and development	<ul style="list-style-type: none"> <li>• Increase the use of EAGER working towards 95% coverage for permanent staff.</li> <li>• Develop training matrix for all service areas</li> <li>• Develop bespoke e-learning modules and training courses</li> <li>• Adopt volunteering policy allowing employees the opportunity to volunteer with external organisations</li> </ul>	<ul style="list-style-type: none"> <li>• All EAGER Personal Development Plans completed in 2017 /2018 have been utilised in designing a Training Delivery Plan to meet the needs of the organisation.</li> <li>• In addition work has also been ongoing to identify professional development needs and any external training requirements. The training plan includes bespoke customer services training specifically designed for Sport &amp; Fitness which will be delivered during July &amp; August 2018.</li> <li>• In this period training has focussed on: <ul style="list-style-type: none"> <li>○ Interview skills for employees</li> <li>○ Competency based training for supervisors</li> <li>○ Managing Attendance</li> <li>○ Managing Performance</li> </ul> </li> <li>• Attendance at the Exchange event held on the 25<sup>th</sup> &amp; 26<sup>th</sup> June 2018 was</li> </ul>

			<p>extremely positive with 144 permanent staff and 41 bank staff attending. Attendance at the event will be recorded as staff development.</p> <ul style="list-style-type: none"><li>• Sport &amp; Fitness delivery of training courses in Q1 3 x Lifeguard, 2 x Swimming Teachers and 1 x Baby and Pre School Swimming Teacher. Courses have been coordinated to upskill staff, with reduced charges also in place to support members of the local community gain new qualifications leading to potential recruitment opportunities.</li></ul> <p><b>POSITIVE PERFORMANCE</b></p>
--	--	--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



# **FINANCIAL PERFORMANCE**

## **TO 30.06.18**

**Performance & Audit Sub Committee**  
**2018/19 EAST AYRSHIRE LEISURE BUDGET**  
**AS AT 30<sup>th</sup> June 2018 – QUARTER 1 - PERIOD 3**  
**SIGNIFICANT VARIANCES – ANALYSIS & COMMENTARY**

The projected outturn for East Ayrshire Leisure at 30<sup>th</sup> June 2018 is projected breakeven position. This is based on the full achievement of budgeted income targets following the implementation of the Sport & Fitness Service.

There are further variances within Income and Expenditure, these are closely monitored and managed within the Service - detailed analysis provided below.

TABLE A – Overall Net Position (including Income/Expenditure) for East Ayrshire Leisure analysed by Service Area

TABLE B – Overall Net Position (including Income/Expenditure) for East Ayrshire Leisure analysed by Subjective Level

TABLE C – Income Position for East Ayrshire Leisure analysed by Service Area

TABLE D – Expenditure Position for East Ayrshire Leisure analysed by Service Area

ANNUAL BUDGET –Table below provides detail of Annual Budget showing the impact of 2018/19 savings approved at 27 Feb 2018 Board.

Service Division	Annual Budget 2018/19	Adjusted Annual Budget 2018/19 @Qtr 1	Adjusted Annual Budget 2018/19 @Qtr 2	Adjusted Annual Budget 2018/19 @Qtr 3	Adjusted Annual Budget 2018/19 @Qtr 4	Comments
CHIEF EXECUTIVE & PEOPLE & FINANCE	1,034,740	1,041,090				
MARKETING & DEVELOPMENT	283,310	283,310				
CULTURAL	1,907,010	1,910,350				
COUNTRYSIDE & OUTDOOR ACTIVITIES	782,710	783,960				
SPORT & FITNESS	508,650	510,100				
<b>TOTAL</b>	<b>4,516,420</b>	<b>4,528,810</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Management Fee	(4,493,670)	(4,493,670)				
Reserves	(22,750)	(35,140)				
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Venues Allocated to Sport Areas:-**

Area 1 St Josephs Leisure Centre, Stewarton Sports Centre, William McIlivanney Campus

Area 2 Grange Leisure Centre, , Hunter Fitness Suite, Mauchline Games Hall

Area 3 Auchinleck Leisure Centre, Doon Valley Leisure Centre, Loudoun Leisure Centre

**TABLE A – OVERALL NET POSITION**

Revised Actual Exp. To 30/6/17	Actual Out-turn to 31/03/18	Service Division	Annual Estimate 2018/19	Revised Actual Exp. To 30/6/18	Revised Budget To 30/6/18	Actual Exp as % of Annual Estimate	Projected Out-turn to 31/03/19	Variance (Favourable) / Adverse
143,806	1,015,467	<b>CHIEF EXECUTIVE &amp; PEOPLE &amp; FINANCE</b>	1,041,090	151,364	167,834	15%	1,021,000	(20,090)
67,952	295,701	<b>MARKETING &amp; DEVELOPMENT</b>	283,310	48,975	62,016	17%	276,310	(7,000)
357,963	2,147,019	<b>CULTURAL</b>	1,910,350	461,233	394,707	24%	1,957,440	47,090
13,817	71,837	Cultural Management	70,950	13,593	13,606	19%	70,950	0
29,330	146,282	Collection Care	150,450	30,824	30,198	20%	149,450	(1,000)
79,101	415,834	Arts/Libraries/Museum Development	441,890	101,641	91,086	23%	433,700	(8,190)
1,038	7,014	Youth Theatre	(5,290)	(3,711)	(8,431)	70%	(5,290)	0
187,441	996,489	Libraries	920,320	239,875	193,991	26%	900,100	(20,220)
(14,030)	(25,883)	Hospitality	(28,140)	(4,764)	(8,459)	17%	(28,140)	0
88,572	408,568	Performing Arts Venues	323,020	81,598	95,849	25%	341,020	18,000
20,562	196,853	Community Venues	204,370	33,581	34,836	16%	222,870	18,500
(47,868)	(69,975)	Community Lettings & Co-Managed Centres	(167,220)	(31,405)	(47,969)	19%	(127,220)	40,000
101,454	922,273	<b>COUNTRYSIDE &amp; OUTDOOR ACTIVITIES</b>	783,960	149,374	84,189	19%	783,960	0
0	0	Countryside & Outdoor Activities Management	311,110	35,915	62,854	12%	250,110	(61,000)
108,110	591,596	Countryside Development	347,290	81,748	64,974	24%	398,290	51,000
(6,656)	330,677	Outdoor Activities	125,560	31,710	(43,639)	25%	135,560	10,000
125,178	746,640	<b>SPORT &amp; FITNESS</b>	510,100	86,370	79,719	17%	490,100	(20,000)
53,828	378,740	Sport & Community Management	424,200	52,402	81,787	12%	363,350	(60,850)
(9,581)	14,586	Area 1	(73,060)	10,627	(23,610)	-15%	(67,920)	5,140
2,297	59,260	Area 2	(30,060)	3,221	(10,596)	-11%	(15,490)	14,570
26,664	175,101	Area 3	189,020	18,318	32,138	10%	210,160	21,140
51,969	118,953	Temporary Facilities	0	1,802	0	0%	0	0
796,354	5,127,100	<b>TOTAL</b>	4,528,810	897,316	788,465	20%	4,528,810	0
(1,133,850)	(5,111,940)	<b>Management Fee</b>	(4,493,670)	(1,134,301)	(1,124,316)	25%	(4,493,670)	0
(337,496)	15,160	<b>TOTAL</b>	35,140	(236,985)	(335,851)		35,140	0
0	0	<b>Savings Yet to be Identified</b>	0	0	0		0	0
(14,429)	(117,860)	<b>Trs From Reserves</b>	(35,140)	(12,390)	0		(35,140)	0
0	0	<b>Designated Funds</b>	0	0	0		0	0
10,000	10,000	<b>Trs To Reserves</b>	0	0	0		0	0
(341,926)	(92,700)	<b>TOTAL (after transfer to reserves)</b>	0	(249,375)	(335,851)		0	0



**TABLE B – OVERALL NET POSITION**

Revised Actual Exp. To 30/6/17	Actual Out-turn to 31/03/18	Service Division	Annual Estimate 2018/19	Revised Actual Exp. To 30/6/18	Revised Budget To 30/6/18	Actual Exp as % of Annual Estimate	Projected Out-turn to 31/03/19	Variance (Favourable) / Adverse
(443,410)	(1,728,481)	Income From Charitable Activities	(2,103,530)	(362,683)	(548,270)	17%	(1,980,630)	122,900
(1,133,850)	(5,111,940)	Management Fee	(4,493,670)	(1,134,301)	(1,124,316)	25%	(4,493,670)	0
(1,577,260)	(6,840,421)	<b>TOTAL INCOME</b>	(6,597,200)	(1,496,984)	(1,672,586)	23%	(6,474,300)	122,900
1,002,421	4,982,657	Employee Costs	5,163,070	887,835	975,544	17%	5,030,810	(132,260)
7,892	38,018	Transport Costs	35,110	5,721	6,772	16%	33,610	(1,500)
27,592	741,635	Premises Costs	509,210	58,234	110,227	11%	521,560	12,350
181,711	752,756	Supplies & Services	804,180	300,796	219,292	37%	802,690	(1,490)
0	31,510	Financing Costs	8,090	0	0	0%	8,090	0
0	212,400	Support Costs	0	0	0	0%	0	0
20,147	96,605	Governance Costs	112,680	7,414	24,900	7%	112,680	0
<b>1,239,764</b>	<b>6,855,581</b>	<b>TOTAL RESOURCES EXPENDED</b>	<b>6,632,340</b>	<b>1,259,999</b>	<b>1,336,735</b>	<b>19%</b>	<b>6,509,440</b>	<b>(122,900)</b>
(337,496)	15,160	<b>NET POSITION</b>	<b>35,140</b>	<b>(236,985)</b>	<b>(335,851)</b>		<b>35,140</b>	<b>0</b>
0	0	Savings Yet to be Identified	0	0	0		0	0
(14,429)	(117,860)	Trs From Reserves	(35,140)	(12,390)	0		(35,140)	0
0	0	Designated Funds	0	0	0		0	0
10,000	10,000	Trs To Reserves	0	0	0		0	0
(341,926)	(92,700)	<b>TOTAL (after transfer to reserves)</b>	<b>0</b>	<b>(249,375)</b>	<b>(335,851)</b>		<b>0</b>	<b>0</b>

**TABLE C – INCOME POSITION**

Revised Actual Income To 30/6/17	Actual Out-turn to 31/03/18	Service Division	Annual Estimate 2018/19	Revised Actual Income To 30/6/18	Revised Budget Income To 30/6/18	Actual Income as % of Annual Estimate	Projected Out-turn to 31/03/19	Variance (Favourable) / Adverse
(1,051)	(3,378)	<b>CHIEF EXECUTIVE &amp; PEOPLE &amp; FINANCE</b>	(2,000)	(1,008)	(501)	50%	(2,000)	0
0	(617)	<b>MARKETING &amp; DEVELOPMENT</b>	0	89	0	0%	0	0
(151,286)	(763,667)	<b>CULTURAL</b>	(805,390)	(151,571)	(194,492)	19%	(802,200)	3,190
0	0	Cultural Management	0	(100)	0	0%	0	0
(668)	(4,188)	Collection Care	(2,000)	(478)	0	24%	(2,000)	0
(2,389)	(14,742)	Arts/Libraries/Museum Development	(13,270)	(14,713)	(2,729)	111%	(44,620)	(31,350)
(11,676)	(39,415)	Youth Theatre	(42,650)	(18,692)	(17,740)	44%	(42,650)	0
(7,647)	(74,599)	Libraries	(59,600)	(4,481)	(14,969)	8%	(64,360)	(4,760)
(33,505)	(126,834)	Hospitality	(163,610)	(28,260)	(40,528)	17%	(163,610)	0
(33,607)	(276,108)	Performing Arts Venues	(252,560)	(33,927)	(44,192)	13%	(259,060)	(6,500)
(21,514)	(86,540)	Community Venues	(91,200)	(19,799)	(22,784)	22%	(85,400)	5,800
(40,280)	(141,241)	Community Lettings & Co-Managed Centres	(180,500)	(31,122)	(51,550)	17%	(140,500)	40,000
(100,676)	(219,788)	<b>COUNTRYSIDE &amp; OUTDOOR ACTIVITIES</b>	(310,470)	(67,623)	(137,861)	22%	(277,470)	33,000
0	0	Countryside & Outdoor Activities Management	0	0	0		0	0
(11,240)	(40,082)	Countryside Development	(101,140)	(19,683)	(27,422)	19%	(68,140)	33,000
(89,436)	(179,707)	Outdoor Activities	(209,330)	(47,940)	(110,439)	23%	(209,330)	0
(190,396)	(741,032)	<b>SPORT &amp; FITNESS</b>	(985,670)	(142,570)	(215,416)	14%	(898,960)	86,710
(33,597)	(69,619)	Sport & Community Management	0	0	0		0	0
(49,297)	(233,589)	Area 1	(433,240)	(49,028)	(94,509)	11%	(391,940)	41,300
(38,970)	(184,341)	Area 2	(234,380)	(38,911)	(51,479)	17%	(210,110)	24,270
(58,800)	(238,350)	Area 3	(318,050)	(54,631)	(69,428)	17%	(296,910)	21,140
(9,732)	(15,133)	Temporary Facilities	0	0	0		0	0
(443,410)	(1,728,481)	<b>TOTAL</b>	(2,103,530)	(362,683)	(548,270)	17%	(1,980,630)	122,900
(1,133,850)	(5,111,940)	<b>Management Fee</b>	(4,493,670)	(1,134,301)	(1,124,316)	25%	(4,493,670)	0
(1,577,260)	(6,840,421)	<b>TOTAL</b>	(6,597,200)	(1,496,984)	(1,672,586)	23%	(6,474,300)	122,900

**TABLE D – EXPENDITURE POSITION**

Revised Actual Exp. To 30/6/17	Actual Out-turn to 31/03/18	Service Division	Annual Estimate 2018/19	Revised Actual Exp. To 30/6/18	Revised Budget To 30/6/18	Actual Exp as % of Annual Estimate	Projected Out-turn to 31/03/19	Variance (Favourable) / Adverse
144,858	1,018,844	<b>CHIEF EXECUTIVE &amp; PEOPLE &amp; FINANCE</b>	1,043,090	152,372	168,335	15%	1,023,000	(20,090)
67,952	296,318	<b>MARKETING &amp; DEVELOPMENT</b>	283,310	48,886	62,016	17%	276,310	(7,000)
509,249	(3,340)	<b>CULTURAL</b>	2,715,740	612,805	589,199	23%	2,759,640	43,900
13,817	0	Cultural Management	70,950	13,693	13,606	19%	70,950	0
29,998	0	Collection Care	152,450	31,302	30,198	21%	151,450	(1,000)
81,489	0	Arts/Libraries/Museum Development	455,160	116,354	93,815	26%	478,320	23,160
12,714	0	Youth Theatre	37,360	14,981	9,309	40%	37,360	0
195,088	(3,340)	Libraries	979,920	244,356	208,960	25%	964,460	(15,460)
19,475	0	Hospitality	135,470	23,496	32,069	17%	135,470	0
122,180	0	Performing Arts Venues	575,580	115,525	140,041	20%	600,080	24,500
42,076	0	Community Venues	295,570	53,380	57,620	18%	308,270	12,700
(7,588)	0	Community Lettings & Co-Managed Centres	13,280	(282)	3,581	-2%	13,280	0
202,130	1,142,061	<b>COUNTRYSIDE &amp; OUTDOOR ACTIVITIES</b>	1,094,430	216,997	222,050	20%	1,061,430	(33,000)
0	0	Countryside & Outdoor Activities Management	311,110	35,915	62,854	12%	250,110	(61,000)
119,351	631,678	Countryside Development	448,430	101,431	92,396	23%	466,430	18,000
82,779	510,383	Outdoor Activities	334,890	79,650	66,800	24%	344,890	10,000
315,575	1,487,671	<b>SPORT &amp; FITNESS</b>	1,495,770	228,939	295,135	15%	1,389,060	(106,710)
87,425	448,359	Sport & Community Management	424,200	52,402	81,787	12%	363,350	(60,850)
39,716	248,175	Area 1	360,180	59,655	70,899	17%	324,020	(36,160)
41,268	243,601	Area 2	204,320	42,132	40,883	21%	194,620	(9,700)
85,465	413,451	Area 3	507,070	72,949	101,566	14%	507,070	0
61,701	134,085	Temporary Facilities	0	1,802	0		0	0
1,239,764	3,941,555	<b>TOTAL</b>	6,632,340	1,259,999	1,336,735	19%	6,509,440	(122,900)
		<b>Management Fee</b>						0
1,239,764	3,941,555	<b>TOTAL</b>	6,632,340	1,259,999	1,336,735	19%	6,509,440	(122,900)

## CHIEF EXECUTIVE & PEOPLE & FINANCE SERVICE ANALYSIS

Revised Actual Exp. To 30/6/17	Actual Out-turn to 31/03/18	CHIEF EXECUTIVE & PEOPLE & FINANCE	Annual Estimate 2018/19	Revised Actual Exp. To 30/6/18	Revised Budget To 30/6/18	Actual Exp as % of Annual Estimate	Projected Out-turn to 31/03/19	Variance (Favourable) / Adverse	Comment
(1,051)	(3,378)	Income From Charitable Activities	(2,000)	(1,008)	(501)	50%	(2,000)	0	
(1,133,850)	(5,111,940)	Management Fee	(4,493,670)	(1,134,301)	(1,124,316)	25%	(4,493,670)	0	
(1,134,901)	(5,115,318)	<b>TOTAL INCOME</b>	(4,495,670)	(1,135,309)	(1,124,817)	25%	(4,495,670)	0	
122,949	704,484	Employee Costs	909,100	132,691	141,212	15%	889,010	(20,090)	Projected saving due to a part time vacancy and a continuing long term absence not being filled.
354	1,834	Transport Costs	2,750	129	690	5%	2,750	0	
11,473	17,273	Premises Costs	17,760	1,403	12,886	8%	17,760	0	
7,506	56,179	Supplies & Services	84,950	10,736	9,686	13%	84,950	0	
0	0	Financing Costs	0	0	0		0	0	
0	212,400	Support Costs	0	0	0		0	0	
2,576	26,675	Governance Costs	28,530	7,414	3,861	26%	28,530	0	
<b>144,858</b>	<b>1,018,844</b>	<b>TOTAL RESOURCES EXPENDED</b>	<b>1,043,090</b>	<b>152,372</b>	<b>168,335</b>	<b>15%</b>	<b>1,023,000</b>	<b>(20,090)</b>	
(990,044)	(4,096,473)	<b>NET POSITION</b>	(3,452,580)	(982,937)	(956,482)	28%	(3,472,670)	(20,090)	
0		Savings Yet to be Identified						0	
(730)	(12,300)	Trs From Reserves	(29,100)	(6,350)	0		(29,100)	0	
		Designated Funds						0	
		Trs To Reserves						0	
(990,774)	(4,108,773)	<b>TOTAL (after transfer to reserves)</b>	(3,481,680)	(989,287)	(956,482)	28%	(3,501,770)	(20,090)	

## MARKETING & DEVELOPMENT SERVICE ANALYSIS

Revised Actual Exp. To 30/6/17	Actual Out-turn to 31/03/18	MARKETING & DEVELOPMENT	Annual Estimate 2018/19	Revised Actual Exp. To 30/6/18	Revised Budget To 30/6/18	Actual Exp as % of Annual Estimate	Projected Out-turn to 31/03/19	Variance (Favourable) / Adverse	Comment
0	(617)	Income From Charitable Activities	0	89	0		0	0	
0		Management Fee						0	
0	(617)	<b>TOTAL INCOME</b>	0	89	0		0	0	
49,417	232,125	Employee Costs	199,260	36,933	46,384	19%	192,260	(7,000)	Projected saving due to a part time vacancy and reduced use of bank staff.
0	0	Transport Costs	0	0	0		0	0	
0	0	Premises Costs	0	0	0		0	0	
17,639	62,630	Supplies & Services	82,350	11,953	15,207	15%	82,350	0	
0	0	Financing Costs	0	0	0		0	0	
0	0	Support Costs	0	0	0		0	0	
896	1,563	Governance Costs	1,700	0	425	0%	1,700	0	
<b>67,952</b>	<b>296,318</b>	<b>TOTAL RESOURCES EXPENDED</b>	<b>283,310</b>	<b>48,886</b>	<b>62,016</b>	<b>17%</b>	<b>276,310</b>	<b>(7,000)</b>	
<b>67,952</b>	<b>295,701</b>	<b>NET POSITION</b>	<b>283,310</b>	<b>48,975</b>	<b>62,016</b>	<b>17%</b>	<b>276,310</b>	<b>(7,000)</b>	
<b>(8,595)</b>	<b>(18,730)</b>	<b>Trs From Reserves</b>	0	0	0		0	0	
		<b>Designated Funds</b>						0	
		<b>Trs To Reserves</b>						0	
<b>59,357</b>	<b>276,971</b>	<b>TOTAL (after transfer to reserves)</b>	<b>283,310</b>	<b>48,975</b>	<b>62,016</b>	<b>17%</b>	<b>276,310</b>	<b>(7,000)</b>	

## CULTURAL SERVICE ANALYSIS

Revised Actual Exp. To 30/6/17	Actual Out-turn to 31/03/18	CULTURAL	Annual Estimate 2018/19	Revised Actual Exp. To 30/6/18	Revised Budget To 30/6/18	Actual Exp as % of Annual Estimate	Projected Out-turn to 31/03/19	Variance (Favourable) / Adverse	Comment
(151,286)	(763,667)	Income From Charitable Activities	(805,390)	(151,571)	(194,492)	19%	(802,200)	3,190	Unachievable historical £40k adverse letting income projection across Community Letting and Co-Managed Centres section and a £6k adverse income projecting across Community Venues largely due to Auchinleck and Darvel Town Hall not achieving income targets. This is offset against £31k favourable income across Arts, Libraries, Museums Development mainly due to Bricktropolis and Michael Morpurgo (income of which offset with expenditure below against supplies and services) plus £12k favourable income across Libraries and Performing Arts Venues combined.
		Management Fee						0	
(151,286)	(763,667)	TOTAL INCOME	(805,390)	(151,571)	(194,492)	19%	(802,200)	3,190	
371,340	1,997,502	Employee Costs	1,884,760	369,052	367,390	20%	1,903,350	18,590	Adverse position due to Community Venues/Community Letting and Co-Managed Centres management maternity leave costs, Projected bank overspends across Community Venues and Performing Arts Venues in addition to staffing service review not yet being fully implemented across Performing Arts Venues partially offset by plans to remove 2 posts and shift allowance across Community Venues in line with review. This is offset by projected bank underspends across libraries and Arts, Libraries, Museums Development sections.
2,276	10,340	Transport Costs	13,950	2,415	3,594	17%	12,450	(1,500)	Libraries transport costs projection.
1,178	400,364	Premises Costs	317,660	23,681	65,916	7%	330,040	12,380	Largely due to £11k spent on lighting for

									Libraries.
124,953	468,980	Supplies & Services	461,370	217,657	143,798	47%	475,800	14,430	£5k advertising set aside for Michael Morpurgo, additional spend in relation to Bricktropolis and Michael Morpurgo, £2k set aside for future libraries campaign work – offset partially against £10k book fund budget reduction.
0	7,440	Financing Costs	4,000	0	0	0%	4,000	0	
0	0	Support Costs	0	0	0		0	0	
9,503	26,060	Governance Costs	34,000	0	8,501	0%	34,000	0	
<b>509,249</b>	<b>2,910,686</b>	<b>TOTAL RESOURCES EXPENDED</b>	<b>2,715,740</b>	<b>612,805</b>	<b>589,199</b>	<b>23%</b>	<b>2,759,640</b>	<b>43,900</b>	
<b>357,963</b>	<b>2,147,019</b>	<b>NET POSITION</b>	<b>1,910,350</b>	<b>461,233</b>	<b>394,707</b>	<b>24%</b>	<b>1,957,440</b>	<b>47,090</b>	
	<b>(25,600)</b>	<b>Trs From Reserves</b>	<b>(3,340)</b>	<b>(3,340)</b>	<b>0</b>		<b>(3,340)</b>	<b>0</b>	
		<b>Designated Funds</b>					<b>0</b>	<b>0</b>	
		<b>Trs To Reserves</b>						<b>0</b>	
<b>357,963</b>	<b>2,121,419</b>	<b>TOTAL (after transfer to reserves)</b>	<b>1,907,010</b>	<b>457,893</b>	<b>394,707</b>	<b>24%</b>	<b>1,954,100</b>	<b>47,090</b>	

## COUNTRYSIDE SERVICE ANALYSIS

Revised Actual Exp. To 30/6/17	Actual Out-turn to 31/03/18	COUNTRYSIDE & OUTDOOR ACTIVITIES	Annual Estimate 2018/19	Revised Actual Exp. To 30/6/18	Revised Budget To 30/6/18	Actual Exp as % of Annual Estimate	Projected Out-turn to 31/03/19	Variance (Favourable) / Adverse	Comment
(100,676)	(219,788)	Income From Charitable Activities	(310,470)	(67,623)	(137,861)	22%	(277,470)	33,000	The contractor installing the sewage pipe across Annahill Golf Course was scheduled to be off site by March 2018. However, this has been delayed and has significantly impacted on the season ticket income. A compensation claim has been prepared and is being pursued by EAC Legal Services. Income projections will be updated when this claim has been finalised.
		Management Fee						0	A shortfall in income is also being projected for the new treehouse centre. Due to the delay in opening last year, bookings are not on target. Work is ongoing to promote this new aspect of the business.
(100,676)	(219,788)	TOTAL INCOME	(310,470)	(67,623)	(137,861)	22%	(277,470)	33,000	
160,661	743,082	Employee Costs	865,410	154,484	167,306	18%	832,410	(33,000)	Due to the Castle being closed, seasonal visitor service assistant posts have not been filled. This saving will contribute to off setting loss of income in the Treehouse Centre.
5,262	25,785	Transport Costs	18,410	3,177	2,488	17%	18,410	0	
16,236	243,528	Premises Costs	135,810	29,208	25,236	22%	135,810	0	
19,073	83,607	Supplies & Services	52,010	30,128	22,345	58%	52,010	0	
0	24,070	Financing Costs	4,090	0	0	0%	4,090	0	
0	0	Support Costs	0	0	0		0	0	
896	21,990	Governance Costs	18,700	0	4,675	0%	18,700	0	
202,130	1,142,061	TOTAL RESOURCES EXPENDED	1,094,430	216,997	222,050	20%	1,061,430	(33,000)	
101,454	922,273	NET POSITION	783,960	149,374	84,189	19%	783,960	0	
	(32,380)	Trs From Reserves	(1,250)	(1,250)	0		(1,250)	0	
		Designated Funds					0	0	
		Trs To Reserves						0	
101,454	889,893	TOTAL (after transfer to reserves)	782,710	148,124	84,189	19%	782,710	0	



## SPORT & FITNESS SERVICE ANALYSIS

Revised Actual Exp. To 30/6/17	Actual Out-turn to 31/03/18	SPORT & FITNESS	Annual Estimate 2018/19	Revised Actual Exp. To 30/6/18	Revised Budget To 30/6/18	Actual Exp as % of Annual Estimate	Projected Out-turn to 31/03/19	Variance (Favourable) / Adverse	Comment
(190,396)	(741,032)	Income From Charitable Activities	(985,670)	(142,570)	(215,416)	14%	(898,960)	86,710	Shortfall in membership income has arisen due to unforeseen delays in the implementation of direct debit membership as well as a delayed opening of the William McIlvanney Leisure Centre.
		Management Fee						0	
(190,396)	(741,032)	TOTAL INCOME	(985,670)	(142,570)	(215,416)	14%	(898,960)	86,710	
298,054	1,305,464	Employee Costs	1,304,540	194,675	253,252	15%	1,213,780	(90,760)	Variance relates to several vacancies within Sport and Fitness.
0	60	Transport Costs	0	0	0		0	0	
(1,295)	80,471	Premises Costs	37,980	3,943	6,189	10%	37,950	(30)	
12,540	81,360	Supplies & Services	123,500	30,322	28,256	25%	107,580	(15,920)	Variance relates to contingency fund agreed as part of the review of Sport and Community Venues
0	0	Financing Costs	0	0	0		0	0	
0	0	Support Costs	0	0	0		0	0	
6,275	20,316	Governance Costs	29,750	0	7,438	0%	29,750	0	
315,575	1,487,671	TOTAL RESOURCES EXPENDED	1,495,770	228,939	295,135	15%	1,389,060	(106,710)	
125,179	746,640	NET POSITION	510,100	86,370	79,719	17%	490,100	(20,000)	
(5,104)	(28,850)	Trs From Reserves	(11,450)	(11,450)	(10,000)		(11,450)	0	
	0	Designated Funds					0	0	
10,000	10,000	Trs To Reserves	10,000	10,000	10,000		10,000	0	
130,075	727,790	TOTAL (after transfer to reserves)	508,650	84,920	79,719	17%	488,650	(20,000)	

## RESERVES AS AT 30 JUNE 2018

TABLE A – Summary

TABLE B – Unuseable Reserves

TABLE C – Allocated Reserves Analysis

### TABLE A – SUMMARY

UNRESTRICTED RESERVES	2017/18 b/f	2017/18 SURPLUS	BALANCE 31 March 2018	REVISED BALANCE	PROPOSED DRAWDOWN	Q1	Q2	Q3	Q4	BALANCE	APPROVAL	STATUS	NOTES
FIXED ASSET RESERVE	39,280		39,280	39,280						39,280			
RETAINED RESERVES	250,000		250,000	250,000						250,000			
UNUSEABLE RESERVES (DEPRECIATION RESERVES)	47,620		47,620	47,620		0	0	0	0	47,620			see Table B
ALLOCATED RESERVES	122,930	92,700	215,630	215,630		12,390	0	0	0	203,240			see Table C
UNALLOCATED RESERVES	69,834	0	69,834	69,834						69,834			adjusted for £22,750 2018/19 Budget Savings not identified
HOLIDAY PAY PROVISION	(92,180)		(92,180)	(92,180)						(92,180)			
<b>TOTAL UNRESTRICTED RESERVES</b>	<b>437,484</b>	<b>92,700</b>	<b>530,184</b>	<b>530,184</b>	<b>0</b>	<b>12,390</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>517,794</b>			
RESTRICTED RESERVES			143,020			16,722				126,298			
PENSION RESERVE			(3,607,000)							(3,607,000)			
<b>TOTAL RESERVES</b>			<b>(2,933,796)</b>							<b>(2,962,908)</b>			

**TABLE B – Unuseable Reserves**

<b>UNUSEABLE RESERVES</b>	2017/18 b/f	2017/18 SURPLUS	BALANCE 31 March 2018	REVISED BALANCE	PROPOSED DRAWDOWN	Q1	Q2	Q3	Q4	BALANCE	APPROVAL	STATUS	NOTES
Libraries Fit Out - Mauchline	4,330		4,330	4,330						4,330	14 July 2015 Board	Ongoing	Works complete - amount to be drawn down at year end for depreciation. 5 years from 2015/16
Annanhill Golf Course - Staff Welfare Facilities	21,980		21,980	21,980						21,980	19 August 2014 Board	Ongoing	Installation now complete. Depreciation 5 years from 2016/17
Annanhill Golf Course - Maintenance Equipment	16,130		16,130	16,130						16,130	14 July 2015 Board, updated 13 Oct 2015	Ongoing	Fairways machine now in use. Will be drawn down at year end to cover depreciation. 5 years from 2015/16.
Homewords Van	5,180		5,180	5,180						5,180	7 June 2016 Board	Ongoing	Homewords Van delivered - amount to be drawn down at year end for depreciation. Depreciation 5 years from 2016/17
<b>TOTAL UNUSEABLE RESERVES</b>	<b>47,620</b>	<b>0</b>	<b>47,620</b>	<b>47,620</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>47,620</b>			

**TABLE C – Allocated Reserves Analysis**

<b>ALLOCATED RESERVES</b>	2017/18 b/f	2017/18 SURPLUS	BALANCE 31 March 2018	REVISED BALANCE	PROPOSED DRAWDOWN	Q1	Q2	Q3	Q4	BALANCE	APPROVAL	STATUS	NOTES
Training & Development	8,430		8,430	8,430		4,250				4,180	19 Sept 2017 Board	Ongoing	Training & Development Funds for 2018/19; Sport Training £5,500 - £4,250 spent, balance to be spent by June 2018
Website Development	23,900		23,900	23,900						23,900	19 Sept 2017 Board	Ongoing	Redesignate £25k from Marketing Co-ordinator (Sport) to Website Development. Tender to be issued by Procurement by August 2018.
Libraries Fit Out	80,500		80,500	80,500		3,340				77,160	14 July 2015 Board	Ongoing	Dick Institute initially £40k + further £40k, Newmilns £10k, Dick Institute due to commence 2018
Promotion of New Mobile Libraries	2,500		2,500	2,500						2,500	19 Sept 2017 Board	Ongoing	Redesignate to promotion of new Mobile Libraries - to be utilised by March 2019
Keep Scotland Beautiful	1,250		1,250	1,250		1,250				0	27 Feb 2018 Board	Complete	
DCCP Play Area	6,350		6,350	6,350						6,350	27 Feb 2018 Board	Ongoing	Proposals have been developed and feasibility and costs have been sought from Jupiter Play. Finalised proposals will be ready by Sept 2018.
PFS Miscellaneous Expenditure		8,000	8,000	8,000		2,100				5,900	5 June 2018 Board	Ongoing	Should be complete by the end of the year.
M&D Induction Video		5,000	5,000	5,000						5,000	6 June 2018 Board	Ongoing	Should be complete by the end of the year.
Sport Equipment		17,500	17,500	17,500		1,450				16,050	7 June 2018 Board	Ongoing	Should be complete by the end of Qtr 2.

Marketing Activity	30,000	30,000	30,000							30,000	8 June 2018 Board	Ongoing	Temp member of staff until March 2019.
Amalgamation Activity	32,200	32,200	32,200							32,200	9 June 2018 Board	Ongoing	
<b>TOTAL ALLOCATED RESERVES</b>	<b>122,930</b>	<b>92,700</b>	<b>215,630</b>	<b>215,630</b>	<b>0</b>	<b>12,390</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>203,240</b>			

## GENERAL PROJECTS

General Projects are multi-annual projects involving funding from external partners. These projects are not included in the Financial Monitoring reports.

<b>Project</b>	<b>Partners</b>	<b>Balance b/f 01.04.18</b>	<b>Balance at 30.06.18</b>	<b>Expected Completion Date</b>
Textile Team	Donations	(£640)	(£640)	Ongoing
Ayrshire Libraries Forum	North Ayrshire Council/South Ayrshire Council/East Ayrshire Council	(£4,336)	(£4,324)	Ongoing
Irvine Valley Trails	Renewable Energy Fund	(£77,210)	(£73,976)	Mar 2019
The McKie Collection	Museum Gallery Scotland	£2,489	£6,725	Jul 2018
Make Some Noise	Creative Scotland	(£13,180)	(£11,845)	June 2019
Kilmarnock Green Infrastructure	Transport Scotland / Scottish Natural Heritage	(£15,000)	(£15,000)	Ongoing
River Ayr Way Challenge	Awards For All	(£1,549)	(£1,549)	Ongoing
Bat Bothy	Groundwork UK (Tesco Bags of Help Scheme)	(£691)	(£691)	Aug 2018
Traditional Rural Skills	HLF	(£2,082)	(£1,730)	Jul 2018
Growing Memories	Awards for All	(£8,272)	(£4,503)	Jun 2018
WWI Memorial Artwork	Groundwork UK	(£2,000)	(£2,000)	Dec 2018
Museums Database	Museum Gallery Scotland	(£6,480)	(£6,480)	Dec 2019
Year of Young People	Event Scotland	(£9,309)	(£5,526)	Nov 2018
Gaelic Visual Arts	Bord Na Gaidhlig	(£5,400)	(£5,400)	Mar 2019
Magic at the Museum	Museums Galleries Scotland	-	£1,129	Jul 2018

Textile Team is a team of volunteers that were originally funded by HLF to carry out restoration and repair of textiles. The remaining funding supports the group to continue with its work.

Ayrshire Libraries Forum is a network partnership of the three Ayrshire councils, Ayrshire NHS, school, prison and higher education libraries to be used towards the upkeep of Ayrshire Working Lives website.

Received funding of £162,000 from the Renewable Energy Fund to appoint a project officer to implement the Irvine Valley Trails Project over a 3 year period.

The McKie Collection funded by Museum Galleries Scotland to support the digitisation of the McKie collection. A new post will be appointed for 18 months to deliver the project.

Make Some Noise is a music project funded by Creative Scotland and aimed at young people in a foster, looked-after, kinship or young caring environment and designed to help build self-esteem and provide a range of creative learning opportunities.

The design and feasibility work has been completed for the Kilmarnock Green Infrastructure Project and capital bid of £1.1 million has been submitted to Sustrans Scotland and a further bid for £0.9 million will be submitted to the Green Infrastructure Fund administered through the Scottish Natural Heritage in November. A Project Board, chaired by East Ayrshire Leisure, has been established to oversee the development and implementation of this 18 mile cycle route project for Kilmarnock made up of officers from East Ayrshire Leisure, East Ayrshire Council and Ayrshire Roads Alliance.

Following the completion of the Countryside Festival in 2015, there was an outstanding balance of £1,549 from the Awards for All grant. Awards for All have agreed that this money can be retained and used as part of the funding package for the upgraded River Ayr Way Signage and Interpretation project. Survey work has been completed for this project and implementation will take place throughout 2018/19

The Bat Bothy Project has secured £2000 through the Tesco Bags of Help scheme. Working with Xchange Scotland, this unique facility to encourage roosting and hibernating bats with the Country Park will be built by volunteers from across Europe.

As part of the Year of History, heritage and Archaeology, a grant of £10,000 was secured from the Heritage Lottery Fund. This grant will be used to create 2 volunteer apprenticeships, provide a range of rural skills training for volunteers and to purchase tools and equipment to enable traditional rural skills to be carried out at the Country Park.

£9903 has been awarded to East Ayrshire Leisure to develop a remote volunteering project in partnership with Alzheimer's Scotland. This project will provide all the equipment necessary for people suffering from dementia to grow wildflowers within their own homes. These will then be used to create a wildflower meadow at the Country Park. A celebration day will be organised in Summer 2018 where all volunteers and their families will be invited to a tea party at the Country Park.

£2k has been awarded to support the purchase and planting of trees and shrubbery associated with the WWI memorial artwork, which has been developed by Pidgin Perfect in collaboration with Scottish makar Jackie Kay, Loanhead Primary School and adults who took part in a poetry workshop.

Museums Database - East Ayrshire Leisure cares for approximately 250,000 objects within the museums it manages on behalf of East Ayrshire Council. Currently these collections are documented on a mixture of ageing and basic database systems. As we progress through the actions outlined within our Accreditation plan, including a full, basic inventory of all collections, plus our work with our Recognised collections, it is clear that we require a modern, future-proof database for use across the museum service, with opportunities for working with external partners in a more co-ordinated and efficient way. The total project cost is £21,600, of which Museums Galleries Scotland has awarded 75% of project costs. The task to procure, install and begin to populate the new database will be complete by the project end-date of 31 Dec 2019.

GENERATION Z - A co-designed programme of events throughout 2018. The launch event features Tom Foster of Judge Dredd fame, fully immersive Virtual Reality experiences, an interactive gaming tournament and a host of other drop in activities, GENERATION Z is a FREE festival for fans of all ages. GENERATION Z is funded by EVENTSCOTLAND.

Gaelic Visual Arts - The Dick Institute's *Gaidhlig Gailearaidhean* will see a second series of workshops facilitated in Gaelic in the galleries, aimed at promoting the use of Gaelic and the development of Gaelic language skills utilising visual arts and culture. Funded by Bord Na Gaidhlig and Creative Scotland

Magic at the Museum – TIME TRAVELLERS - Funded by Museums Galleries Scotland as part of Festival of Museums.





# **EXTERNAL FUNDING (APRIL – JUNE 2018)**

## EXTERNAL FUNDING APPROVED APPLICATIONS

(\* denotes funding not available to East Ayrshire Council)

Section	Name of Funding Provider and Project	Value of Funding/Support	Received in 2018/19
Countryside	LLCT - Low Carbon Travel & Transport Challenge Fund - Irvine Valley Trails	£325,976	£0
Cultural	Scottish Book Trust - Digital Storyteller in Residence	£6,900	£0
Cultural	The Reading Agency - Summer Reading Challenge	£350	£350
<b>TOTAL</b>		<b>£333,226</b>	<b>£350</b>



## **OTHER RELEVANT UPDATES**

## **Insurance Claims**

Public Liability Claims: 1 claim has been submitted during this period.

Employers Liability Claim: 3 claims have been submitted during this period with 1 claim ongoing.

## **Staff Satisfaction Survey Action Plan 2017/18**

The Staff Satisfaction survey identified a few key areas for improvement and an Action plan has been devised in conjunction with Team Leaders.

To assist with the cultural change required, and to improve communication across the Trust, a working group was brought together with representatives from all service areas to deliver Exchange: our inaugural staff information day. Attendance was required for all staff. The event took place over three sessions on 25/26 June; two in Kilmarnock and one in Cumnock. Feedback from all events was extremely positive and the working group will reconvene for a de-briefing session and to discuss plans for future events.

## **Mystery Shopping**

To ensure we maintain a consistent standard across each of our service areas, East Ayrshire Leisure undertake an annual 'Mystery Shopping' exercise in conjunction with VisitScotland. Facilities and services are assessed against a set criteria. We also participate in VisitScotland's Quality Assurance Scheme; the official grading system for tourism businesses. Participation in the scheme helps us to meet, and exceed, the high standards which our customers and visitors expect.

Reports are shared with Managers. Action Plans, highlighting areas for improvement, are devised following each Mystery Shopping and Accreditation visit. The next round of Mystery Shopping is currently being programmed for later in the year.

## **Gifts and Hospitality**

There was 1 form submitted for the period April – June 2018:

<b>Date Received</b>	<b>Name</b>	<b>From</b>	<b>Nature of Hospitality or Gift</b>
22/06/2018	People & Finance	Member of public attending the Recruitment Fair	Box of chocolates

## Customer Complaints

During the April-June period a total number of 240 comments were received and logged by the Marketing & Development Team. 9 of these were complaints, and were categorised as follows:

Category	No. received
Staff	1
Equipment	3
Online payments/Booking/Box Office	1
Events/Activities/Tours/exhibitions	2
Countryside Maintenance	1
Other	1
<b>Total</b>	<b>9</b>



## **PERFORMANCE SCORECARD**

## EALT PI Report

Generated on: 07 August 2018 14:38

Cannot group these rows by Theme

Code & Short Name	Current Value	Current Target	Short Term Trend	Long Term Trend	Latest Note	Trend Chart	Traffic Light Icon
EALT1 Average Days Lost per Employee	1.84	2	↑	↑	All employees are managed in accordance with East Ayrshire Leisure's Sickness Absence. The top 3 causes of absence are: – Musculo-Skeletal Ops/Recovery/Treatments Stress – Personal	<p><b>EALT1 Average Days Lost per Employee</b></p> <p>■ Quarters — Target (Quarters)</p>	🟢
EALT2 Total Income	£1,496,984.00	£1,923,986.00	↓	↓	Variances on income are to be expected due to cyclical fluctuations	<p><b>EALT2 Total Income</b></p> <p>■ Quarters — Target (Quarters)</p>	🔴

Code & Short Name	Current Value	Current Target	Short Term Trend	Long Term Trend	Latest Note	Trend Chart	Traffic Light Icon
EALT3 Total Expenditure	£1,259,999.00	£2,225,329.00	↓	↓	Variances on expenditure are to be expected due to cyclical fluctuations.	<p><b>EALT3 Total Expenditure</b></p> <p>■ Quarters — Target (Quarters)</p>	🚦
EALT4 Culture	127,441	122,756	↑	↑		<p><b>EALT4 Culture</b></p> <p>■ Quarters — Target (Quarters)</p>	✅



Code & Short Name	Current Value	Current Target	Short Term Trend	Long Term Trend	Latest Note	Trend Chart	Traffic Light Icon
EALT5 Sport and Community Venues	158,101	157,930	↓	↓		<p><b>EALT5 Sport and Community Venues</b></p> <p>■ Quarters — Target (Quarters)</p>	✅
EALT6 Countryside	434,235	394,306	↑	↑	Ayrshire Athletics Arena had an increase of 50% against target, DCCP had a 7% increase against target, Annanhill had a 26% decrease against target due to a delay in sewage work completion.	<p><b>EALT6 Countryside</b></p> <p>■ Quarters — Target (Quarters)</p>	✅

Code & Short Name	Current Value	Current Target	Short Term Trend	Long Term Trend	Latest Note	Trend Chart	Traffic Light Icon
EALT7 Future Museum (Virtual Service)	97,242	73,431	↓	↑	Future Museum continues to perform well. We are currently reviewing site with partners to help improve customer experience through upgrading design.	<p><b>EALT7 Future Museum (Virtual Service)</b></p> <p>■ Quarters — Target (Quarters)</p>	✓
EALT8 Eastayshireleisure.com (Virtual Service)	74,168	74,168	↑	↑		<p><b>EALT8 Eastayshireleisure.com (Virtual Service)</b></p> <p>■ Quarters — Target (Quarters)</p>	✓

PI Status	
	Alert
	Warning
	OK
	Unknown
	Data Only

Long Term Trends	
	Improving
	No Change
	Getting Worse

Short Term Trends	
	Improving
	No Change
	Getting Worse



## **RISK REGISTER**

## Risk Register

No.	Risk	Strategic Objective	Lead Officer	Likelihood	Impact	Total Risk Score (L x I)	Risk Category	Controls
1	There will be a 20% reduction in funding received from East Ayrshire Council, resulting in a reduction in service provision and a requirement to generate more income from services.	1,2,3,4	Chief Executive	4	4	16  RISK APPETITE: CAUTIOUS (Compliance)	HIGH	<ul style="list-style-type: none"> <li>Communication with East Ayrshire Council allowing forward planning to ensure that service provision meets the requirements of the main funding provider.</li> <li>Best Value Review Implementation</li> <li>PR; communications with staff and customers</li> </ul>
2	There is a risk of not being able to maintain high quality services because of a lack of funding, resulting in a failure to invest, loss of staff, a reduction in staff commitment and damage to East Ayrshire Leisure's reputation.	1,2,3,4	All Senior Manager	4	3	12  RISK APPETITE: OPEN (Reputation)	MEDIUM	<ul style="list-style-type: none"> <li>Business Planning</li> <li>Positive Public Relations</li> <li>Equipment Replacement Policy</li> <li>Continued dialogue with Council</li> <li>Employee Recognition Scheme</li> <li>EAGER - ongoing training and development of staff</li> </ul>
3	There is a risk partners and external stakeholders do not see East Ayrshire Leisure as a partner of choice because of a lack of resources invested in partnership activity, resulting in a failure to deliver Business Plan targets and the loss of external funding.	1,2,3,4	All Senior Managers	3	3	9  RISK APPETITE: OPEN (Reputation)	LOW	<ul style="list-style-type: none"> <li>Service reviews</li> <li>Positive Public Relations</li> <li>Service Level Agreements/Contracts</li> </ul>

No.	Risk	Strategic Objective	Lead Officer	Likelihood	Impact	Total Risk Score (L x I)	Risk Category	Controls
4	There is a risk that buildings are not at the standard required or operating efficiently in terms of environmental sustainability due to a lack of capital investment or maintenance, resulting in a reduction in facilities, loss of income, the inability to market services, inability to respond to impacts of climate change or weather and the loss of services.	1,2,3,4	All Senior Managers	3	4	12  RISK APPETITE: OPEN (Operation)	MEDIUM	<ul style="list-style-type: none"> <li>• Regular communication with the Council</li> <li>• Business Continuity Plan</li> <li>• Regular Workplace inspections and reviews</li> <li>• Fire Risk Assessments</li> <li>• Established repairs reporting system</li> <li>• Proposed Asset Management Plan (EAC)</li> <li>• Capital Improvement Plan</li> <li>• Environmental Management, Monitoring and reporting</li> </ul>
5	There is a risk that East Ayrshire Leisure does not take commercial opportunities because staff are not able to identify and take these opportunities, resulting in lost revenue streams, perceptions of poor service and the failure to be aligned with market demands.	1,2,3,4	All Senior Managers	4	3	12  RISK APPETITE: OPEN (Financial)	MEDIUM	<ul style="list-style-type: none"> <li>• Attendance at Events</li> <li>• Recruitment and Selection procedure</li> <li>• EAGER reviews</li> <li>• Training and development programme</li> </ul>

No.	Risk	Strategic Objective	Lead Officer	Likelihood	Impact	Total Risk Score (L x I)	Risk Category	Controls
6	There is a risk that East Ayrshire Leisure does not have the right people with the right skills in the right places because of the failure to adapt/train existing staff, not recruiting the right people and not motivating its workforce. This would result in poor services, lack of customer engagement, failure to cross-sell and a loss of income.	1,2,3,4	All Senior Managers	3	2	6  RISK APPETITE: OPEN (Operation)	LOW	<ul style="list-style-type: none"> <li>• Training and development</li> <li>• Ongoing review of Training matrices</li> <li>• Induction Process</li> <li>• Eager Reviews</li> <li>• Recruitment and selection procedure</li> <li>• Effective communication with staff</li> </ul>
7	There is a risk that East Ayrshire Leisure will not comply with legislation standards and fail to meet the requirements of Health & Safety, GDPR, OSCR, VAT etc.		All Senior Managers	2	4	8  RISK APPETITE: CAUTIOUS (Compliance)	MEDIUM	<ul style="list-style-type: none"> <li>• Dedicated Health &amp; Safety Officer</li> <li>• Partnerships Working Groups</li> <li>• Service Level Agreement</li> <li>• Support from East Ayrshire Council</li> </ul>

## **Risk Register**

### Risk Area 1

This risk was viewed as a compliant risk as East Ayrshire Leisure has to operate within the financial parameters that on the whole are decided by the Council. It has been well documented that East Ayrshire Leisure will have a reduction in funding from East Ayrshire Council and this will have a significant impact on the current venues we currently manage.

### Risk Area 2

This risk was viewed as an operational risk a reduction in available finance's and continued savings may impact on the quality of services the Trust provides.

### Risk Area 3

This risk was viewed as reputational; however the likelihood of it having a severe impact on the relationship we have with our partners is considered low as we have strong links with them and are able to adapt and negotiate change.

### Risk Area 4

This area is viewed as operational risk as an inability to maintain buildings can have a significant effect on the provision of service. This has occurred in a few cases for example, St Josephs SGP and the problem with loose tiles in our swimming pools.

### Risk Area 5

This area was viewed as a financial risk, but the Trust will take opportunities to increase income as opportunities arise.

### Risk Area 6

This area is viewed as an operational risk and the impact of this is low as the Trust has systems in place to ensure the ongoing demands of employees can be met.

### Risk Area 7

This was viewed as a compliance risk as the Trust must adhere to statutory requirements. The Trust has many controls in place and the likelihood of a failure is low, however, the repercussions could have a significant impact.

## INTERNAL AUDIT REPORT: EAST AYRSHIRE LEISURE TRUST GOVERNANCE

Date: 20 August 2018

Agenda Item: 6

Report by: John Griffiths, Chief Executive

### Summary

This report provides details of a recent Internal Audit report into East Ayrshire Leisure's governance arrangements and the client response to the report. There are no serious governance issues raised in the report.

### 1. BACKGROUND

- 1.1 Our Internal Auditors, East Ayrshire Council, enlisted the assistance of their partners, Glasgow City Council, to carry out the governance audit. The Senior Audit Manager who carried out the review has extensive experience of Arm's Length External Organisations (ALEOs) and knowledge of current best practice in the sector.
- 1.2 The findings and recommendations from the audit will be used to update current governance arrangements of the expanded Trust that will take responsibility for the Galleon Leisure Centre in due course.

### 2 CONSIDERATIONS

- 2.1 The full report with the client response is attached as Appendix I to this report. The auditor examined a wide range of procedural and historical documentation in the course of a comprehensive and detailed review.
- 2.2 There are no high priority recommendations arising from the review, however, there are a series of medium priority issues that will now be addressed with updates to Trust procedures to be introduced at appropriate times. As the client responses show, some changes will be introduced by October 2018 and others in April 2019 for the next financial year.
- 2.3 It is important that the findings and recommendations of the report are addressed to ensure that the Trust meets the best practice standards for the sector and continues to demonstrate high standards in all aspects of the organisation's governance arrangements.
- 2.4 Note that the final client responses will be formally agreed with the East Ayrshire Council Chief Auditor prior to the final version of the report being released by her.

### Recommendation/s:

It is recommended that the Performance and Audit Sub-Committee:

- i. Approve the Internal Audit Report into East Ayrshire Leisure Trust governance and the client response;



## PERFORMANCE & AUDIT SUB COMMITTEE



- |      |                                                                                                                                         |
|------|-----------------------------------------------------------------------------------------------------------------------------------------|
| ii.  | Remit to the Chief Executive to implement any necessary changes in line with the recommendations of the report and client response; and |
| iii. | Otherwise note the content of this report.                                                                                              |

Signature:

A handwritten signature in black ink, appearing to be "J. Allan".

Designation: Chief Executive

Date: 6 August 2018

Assurance Level
Reasonable Assurance

**FINAL**

# Internal Audit of Governance for East Ayrshire Leisure Trust (2017/18 – 11/07/2018)



## AUDIT ASSIGNMENT STAFF

Lead Auditor ..... Pamela Wilkinson (Audit Manager, Audit Glasgow)  
Review Auditor..... Jillian Campbell (Senior Audit Manager, Audit Glasgow)  
Assignment Manager.....Eilidh MacKay (Chief Auditor, East Ayrshire Council)

# Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
12:27



---

## READERSHIP

### East Ayrshire Leisure Trust

Chief Executive..... John Griffiths  
People and Finance Manager .....Jacqueline Biggart

## INTERNAL CONTROLS

In order to ensure the proper conduct of its business, the East Ayrshire Leisure Trust (EALT) has a responsibility to develop and implement systems of internal control. It is primarily the responsibility of management to ensure that internal controls are in place and are operating effectively.

A sound control environment will help to safeguard assets, ensure records are reliable, promote operational efficiency and ensure adherence to East Ayrshire Leisure Trust policy and procedures. Such systems of internal control provide reasonable (but not absolute) assurance against loss.

The work of the Internal Audit Section in East Ayrshire Council is carried out in line with the Public Sector Internal Audit Standards (PSIAS). The PSIAS defines internal auditing as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

# Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
12:27



## EXECUTIVE SUMMARY

1. From a review of core governance documentation and arrangements, it was identified that some key controls are in place and are operating effectively. This included:
  - The People and Finance Manager has been identified as the officer responsible for ensuring that the Office of the Scottish Charity Regulator (OSCR) monitoring returns are submitted. In addition, EALT has been compliant in the submission of annual returns (since 2014);
  - The audited accounts include a Trustees' Annual Report, and the 2016/17 annual accounts had been signed off in line with OSCR requirements;
  - The constitution includes details of the processes that should be followed in relation to conflicts of interest and this is a standing item on the agenda at meetings of the Board;
  - There are appropriate arrangements in place to ensure that Trustee attendance at Board meetings is monitored;
  - A documented business plan is in place which identifies the key objectives of EALT, evidences consideration of review of customer feedback and highlights Key Performance Indicators (KPIs); and
  - EALT has a Health and Safety Policy and liaises with the Council's Health and Safety section through the provisions of the Support Services Agreement which is in place.
2. Opportunities for improvement have also been identified and further detail is included within [Appendix 1](#). Some areas of OSCR recommended practice are not being complied with, including:
  - The requirement to maintain a register of Trustee information with all information completed. Whilst a register is being held, it does not include all required information;
  - The requirement to issue Trustees with an induction pack. The development of the pack is in progress but it has not yet been finalised and issued;
  - Ensuring that all Trustees sign a declaration to confirm that they are not disqualified from acting as charity Trustees. EALT does not currently require Trustees to complete this; and
  - OSCR guidance specifies that it is a legal requirement to include the charity name and state the fact that EALT is a SCIO on various documentation. In the main this is being complied with, however currently all of the required information is not included on direct debit forms.
3. In addition, a number of opportunities for improvement have been identified relating to the general governance arrangements within EALT, including:
  - Schedules of meetings are not presented at the AGM in line with the requirements of the constitution;
  - Records of Trustee attendance at training sessions are not retained;
  - Information in relation to the sub-committees of the Board, including their remit, membership and quorum requirements is not consistent across the suite of key documentation;
  - The Board is not required to approve the annual budget in a similar way to the current requirement for approval of savings targets;
  - There is no Risk Management Policy or Strategy in place and the rationale behind the risk appetite that has recently been established and how this should be applied to decision making is not documented; and

## Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
12:27



- EALT has adopted some Council policies and procedures but these have not been tailored to the requirements of EALT e.g. the Financial Regulations Manual and Contract Standing Orders. Where specific policies and procedures have been put in place e.g. Scheme of Delegation, there is no formal schedule of review of the documents to ensure that they remain fit for purpose. In addition, there is no evidence of Board approval of specific policies.

### Overall assessment of controls

4. Objectives of internal control are being met in the majority of areas, although some non-compliance or weaknesses have been identified. Key controls exist and are applied effectively in the majority of areas. Some weaknesses have been identified in medium risk areas.

## BACKGROUND INFORMATION

5. The scope and objectives of the assignment are included in the audit brief at [Appendix 2](#). All of the documents listed (or equivalent documents) were provided and reviewed. In addition a significant number of additional documents were also provided throughout the audit.
6. The East Ayrshire Leisure Trust (EALT) is an Arms Length External Organisation (ALEO) which was registered in May 2013 and became operational in July 2013. It is responsible for the management of a variety of cultural, countryside and sports facilities and services. It is a Scottish Charitable Incorporated Organisation (SCIO) which is a legal form that is unique to Scottish Charities. The EALT is regulated by the Office of the Scottish Charity Regulator (OSCR) and is bound by the Charities and Investment (Scotland) Act 2005 and the Scottish Charitable Incorporated Organisations Regulations 2011. In 2017/18, EALT had an annual expected expenditure budget of approximately £4.881m.

## ACKNOWLEDGEMENTS

7. The Internal Audit Section would like to express their thanks to staff from East Ayrshire Leisure Trust who provided co-operation and assistance to Internal Audit during this assignment. In particular, Internal Audit recognise the assistance granted by the Chief Executive, the People and Finance Manager and the Secretary to the Chief Executive.

### **For further information on this document, please contact:**

Internal Audit Section; East Ayrshire Council; Civic Centre South; KILMARNOCK; Ayrshire; KA1 1HW  
Telephone 01563-57-8111

## Internal Audit of Governance

Audit Report *EALT - Governance Review - Final Report* Final Report: Saved 12/07/2018  
12:27

---



### APPENDIX 1 – DETAILED RECOMMENDATIONS

**DUTIES OF TRUSTEES ARE COMMUNICATED, UNDERSTOOD AND COMPLIED WITH AND  
ARRANGEMENTS ARE COMPLIANT WITH OSCR REQUIREMENTS**

## Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
 12:27



1.	<p>(i) EALT should request that all Trustees sign a declaration to confirm that they are not disqualified from acting as a Trustee under the provisions of the Charities and Trustee Investment (Scotland) Act 2005 and the requirements of the constitution.</p> <p>(ii) EALT should update the Trustee induction pack to include the gifts and hospitality policy. EALT should then finalise and issue the induction pack to all current Trustees and obtain confirmation that they have received the pack and have read and understood its contents.</p> <p>(iii) EALT should update the register of Trustees to include all required information. EALT should consider using the relevant OSCR template to record this information.</p>
Observation	<p>(i) The OSCR Guidance and Good Practice for Charity Trustees states that it is good practice for prospective Trustees to sign a declaration before their election or appointment to confirm that they are not disqualified from acting as a charity Trustee under the provisions of Section 69 of the Charities and Trustee Investment (Scotland) Act 2005. Currently, EALT Trustees are not required to sign a declaration.</p> <p>(ii) The above noted guidance also outlines that it is good practice to issue an induction pack to all new Trustees. A Trustee induction pack has been drafted, however it has not been finalised and issued. Some of the information within the draft induction pack which is not currently available to Trustees includes:</p> <ul style="list-style-type: none"> <li>• The Code of Conduct for Trustees;</li> <li>• Details of what constitutes OSCR notifiable events; and</li> <li>• The gifts and hospitality form that should be completed if an offer is received or made.</li> </ul> <p>In addition, the induction pack does not include the policy on gifts and hospitality, including the nature of gifts and hospitality which is acceptable and the authorisation that is required prior to offering or accepting gifts or hospitality.</p> <p>(iii) OSCR SCIO Guidance (SCIOs: A Guide – Guidance on the Scottish Charitable Incorporated Organisations for charities and their advisers) outlines that all SCIOs have a duty to maintain a register of their Trustees and it details the information that should be recorded on the register. Currently, EALT maintains a list of current and previous Trustees, however it does not include all of the required information as specified within the guidance. The details of office held by Trustees (e.g. Chair and Vice Chair) has not been documented and the address on the register for some Trustees is the main Council address as opposed to Trustees' personal addresses. The OSCR guidance does not explicitly state that the address must be the Trustees' personal address, however Internal Audit obtained clarification from OSCR and it was confirmed that this was the case.</p>

## Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
 Final Report: Saved 12/07/2018 12:27

<i>Implication</i>	(i) This increases the risk that EALT cannot demonstrate that it has taken appropriate measures to ensure that Trustees are fit and appropriate to act on the Board. (ii) This increases the risk that Trustees are not provided with adequate guidance and that OSCR requirements are not being complied with. (iii) This increases the risk that Trustee information is not being recorded in compliance with OSCR requirements.
<i>Priority</i>	Medium

**Client Response**

<i>Action Proposed</i>	(i) This will now form part of the recruitment process and will be included within the quarterly Declaration of Interest request for information. (ii) The Induction Pack will be updated to include the information suggested. (iii) Trustee information is now recorded using OSCR template.
<i>Responsibility</i>	People & Finance Manager
<i>Due Date</i>	October 2018



## Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
 Final Report: Saved 12/07/2018 12:27



## OSCR GUIDANCE AND GOOD PRACTICE REQUIREMENTS ARE COMPLIED WITH

<b>2.</b>	<b>EALT should review and update all required documentation to ensure that the information prescribed in OSCR guidance is recorded.</b>
<i>Observation</i>	<p>The OSCR Guidance and Good Practice for Charity Trustees specifies the various documentation which is required to include the charity name and state the fact that EALT is a SCIO. This requirement is a legal duty. It also outlines that it is good practice to include the charity number. In the main, this was being complied with however all of the required information is not included within the direct debit mandates. It is acknowledged that the membership agreement that would be issued with the direct debit mandate does include the required information.</p> <p>Management confirmed that this had been raised with the bank previously and it was advised that at this time, the mandate could not be updated to include the required information. Management are in the process of liaising with the bank to revisit this.</p>
<i>Implication</i>	This increases the risk that OSCR requirements are not complied with.
<i>Priority</i>	Medium

## Client Response

<i>Action Proposed</i>	Direct debit mandate has been revised and approved by RBS
<i>Responsibility</i>	Business Support Officer
<i>Due Date</i>	June 2018

## Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
 12:27



## THERE ARE ROBUST GOVERNANCE ARRANGEMENTS IN PLACE

<b>3.</b>	<b>EALT should take action to implement the suggested opportunities for improvement in the governance framework that have been identified through the audit.</b>
<i>Observation</i>	<p>The governance arrangements were assessed against the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance Guidance and relevant OSCR guidance. The following opportunities for improvement were identified:</p> <ul style="list-style-type: none"> <li>(i) The 2017/18 budget was not approved by the Board. The Board did approve the savings targets for the year but did not approve the final budget;</li> <li>(ii) A risk register is maintained and recently EALT has developed a risk appetite statement. However, there is no Risk Management Policy or Strategy in place and the rationale behind the risk appetite and how this should be applied to decision making is not documented;</li> <li>(iii) The Code of Conduct for Employees outlines the arrangements for staff to make declarations of interest. However core staff (e.g. senior management) who should be required to complete a form and undertake periodic refreshers have not been identified;</li> <li>(iv) Neither employees or Trustees receive reminders of their responsibilities under the requirements of the Bribery Act 2010;</li> <li>(v) EALT has adopted some Council policies and procedures but these have not been tailored to the requirements of EALT e.g. the Financial Regulations Manual and Contract Standing Orders. Where specific policies and procedures have been put in place e.g. Scheme of Delegation, there is no formal schedule of review of these documents to ensure that they remain fit for purpose. In addition, there is no evidence of Board approval of individual policies; and</li> <li>(vi) Trustees do not have oversight of complaints statistics.</li> </ul>
<i>Implication</i>	This increases the risk that governance arrangements are not operating effectively.
<i>Priority</i>	Medium

## Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
 12:27



## Client Response

<i>Action Proposed</i>	<ul style="list-style-type: none"> <li>(i) The annual budget will be submitted for approval along with the savings target prior to the commencement of a new financial year. The 2018/19 annual budget will be included within East Ayrshire Leisure Qtr 1 Performance Report for approval by Trustees.</li> <li>(ii) A Risk Register Policy has been developed and will be presented to the Board on 18 September 2018.</li> <li>(iii) Refresher Training will be provided to Senior Manager and returns monitored on an annual basis.</li> <li>(iv) Trustees and staff will be reminded annually of their responsibility to familiarise themselves with all policies. Any updates will be communicated at the appropriate time.</li> <li>(v) Various policies have been tailored to the requirements of EALT. A schedule will be developed to ensure completion of all policies and procedures by the end of the financial year 2019/20. These will thereafter be presented to the Board. *</li> <li>(vi) Complaint statistics will now form part of our quarterly performance report.</li> </ul>
<i>Responsibility</i>	Senior Accountant, Chief Executive, People & Finance Manager and Marketing & Development Manager
<i>Due Date</i>	October 2018
	*End of 2019/20 for the full suite of documentation being reviewed and updated.

## Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
 Final Report: Saved 12/07/2018 12:27



4.	<p>A number of issues which are not fundamental but which would improve overall control have been identified:</p> <ul style="list-style-type: none"> <li>(i) EALT should ensure that Trustees return the quarterly conflict of interest refresher in a timely manner and that Declaration of Interest Forms are dated. EALT should also update the Conflict of Interest Policy to reflect OSCR requirements.</li> <li>(ii) EALT should ensure that a schedule of meetings is presented to the Board for the approval at the Annual General Meeting (AGM).</li> <li>(iii) EALT should ensure that attendance at training sessions is recorded and retained.</li> <li>(iv) EALT should review the arrangements for the sub-committees and groups that are in place (including the membership and quorum requirements) and update the suite of documentation to ensure this is recorded consistently.</li> <li>(v) EALT management should review the content of reports that are presented to the Board, particularly those recommending that the Board approves a course of action. EALT should ensure that the level of information in relation to risk and the impact of a course of action not being taken is clear in order to aid effective decision making.</li> </ul>
----	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## Internal Audit of Governance

Audit Report EALT - Governance Review - Final ReportFinal Report: Saved 12/07/2018

12:27



<p><i>Observation</i></p>	<p>(i) Trustees are required to complete Declaration of Interest forms. They are also required to submit quarterly returns to either confirm that there have been no changes, or provide an updated form where necessary. Completed forms are available for all current Trustees, however these are not dated. In addition, for the most recent quarterly refresher (covering the period October to December 2017) one Trustee has not provided an update and only verbal confirmation has been sought from another Trustee. In addition, the Conflict of Interest Policy does not outline the distinction between personal and appointment conflict, as recommended by OSCR.</p> <p>(ii) OSCR SCIO Guidance (SCIOs: A Guide – Guidance on the Scottish Charitable Incorporated Organisations for charities and their advisers) outlines that the SCIO should hold a meeting of its members within 15 months of being entered in the register and at least every 15 months from then on. EALT was registered on 2 May 2013 and the first AGM was on 19 August 2014 i.e. longer than 15 months. It is acknowledged that the delay was minor and management advised that OSCR were notified about the delay. As subsequent meetings have been compliant with the prescribed timescales, a recommendation has not been made in respect of this. In addition, the constitution currently outlines that at every AGM, the Board will be required to approve the formal schedule of meetings for the ensuing year. A schedule of meetings was circulated at the AGM in 2016. This is the only AGM where the schedule of meetings has been presented.</p> <p>(iii) EALT management advised that Trustees have undertaken training sessions (including an induction session and risk training). However, training records are not retained and as such, verification that all Trustees had attended the training could not be provided.</p> <p>(iv) The sub-committees of the Board (including the membership and quorum requirements) are not referenced consistently within the Scheme of Delegation and the constitution.</p> <p>(v) In the main, the Board is provided with an adequate level of detail where it is being recommended that it takes a course of action. However, from review of two recent papers to the Board, further details could have been provided in relation to risk assessments, and the potential impact should the recommended course of action not be taken.</p>
---------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
 12:27



<i>Implication</i>	<p>(i) This increases the risk that up-to-date conflict of interest information is not held, and that OSCR requirements are not being complied with.</p> <p>(ii) This increases the risk that the arrangements specified within the constitution are not adhered to.</p> <p>(iii) This increases the risk that EALT cannot demonstrate that Trustees have received adequate training to allow them to fulfil the requirements of their role.</p> <p>(iv) This increases the risk that the correct membership and quorum requirements are not observed and adhered to.</p> <p>(v) This increases the risk that the Board is not provided with all required information to aid effective decision making.</p>
<i>Priority</i>	Low

## Client Response

<i>Action Proposed</i>	<p>(i) Trustees will be reminded of their responsibility to complete and return the Declaration of Interest form on a quarterly basis.</p> <p>(ii) An annual schedule of meetings will now be presented at the AGM.</p> <p>(iii) Training records are now collated centrally for individual Trustees.</p> <p>(iv) Arrangements for sub committees will be reviewed and considered by the Board before the end of the 2018/19 financial year.*</p> <p>(v) A risk analysis section will be added to the standard format for future Board reports.</p>
<i>Responsibility</i>	Chief Executive and People & Finance Manager
<i>Due Date</i>	<p>October 2018</p> <p>*before the end of 2018/19 for completion of review of sub committees.</p>

The priority of each recommendation is recorded, according to the following definitions:

Priority	Definition
High	A fundamental control issue. Action to address this issue should commence as soon as possible.
Medium	An important control issue that should be addressed as a priority.
Low	An issue which is not fundamental but which would improve overall control.

## Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
 Final Report: Saved 12/07/2018 12:27



## APPENDIX 2 – AUDIT BRIEF

<b>Management Aims &amp; Objectives</b>	
<p>Background:</p> <p>The aims and objectives of this audit assignment are to gain assurance that:</p> <ul style="list-style-type: none"> <li>There are robust governance arrangements in place within EALT which are compliant with OSCR requirements and are in line with good practice.</li> </ul>	
<b>Risks Identified</b>	
<p>The risks identified are:</p> <ul style="list-style-type: none"> <li>There is a lack of effective governance in place</li> </ul>	
<b>Audit Methodology &amp; Scope</b>	
<p>The audit will be an advisory review. The scope of the audit will include:</p> <ul style="list-style-type: none"> <li>Ensuring that there is a robust governance framework in place which reflects external good practice guidance (further information is outlined at note (i) below)             <ul style="list-style-type: none"> <li>(i) The governance arrangements will be considered against the good practice/specifications outlined within various relevant publications and reviews. This will include (but is not limited to):                 <ul style="list-style-type: none"> <li>OSCR – Meeting the Charity Test Guidance</li> <li>OSCR – Guidance on the Scottish Charitable Incorporated Organisation for Charities and their Advisors</li> <li>OSCR - Who's in Charge: Control and Independence in Scottish Charities</li> <li>CIPFA – Delivering Good Governance in Local Government</li> <li>Audit Scotland – Arm's-length External Organisations (ALEOs): are you getting it right?</li> <li>Audit Scotland – How Councils Work – Are You Still Getting it Right?</li> </ul> </li> </ul> </li> </ul>	

## Internal Audit of Governance

Audit Report EALT - Governance Review - Final Report  
12:27

### Arrangements

The following records will be reviewed:

1. Register of Charity Trustees
2. Code of Conduct for the Board
3. Code of Conduct for employees
4. Policy on declarations of interest for employees, list of all staff who are expected to complete them and completed forms for all cases required
5. Completed declarations of interest forms for all Trustees
6. Copy of Trustee induction pack
7. Evidence to demonstrate that all Trustees have completed board member training and evidence of the training that was delivered (e.g. PowerPoint slides)
8. Any policy/procedure regarding the maximum amount of remuneration for Trustees
9. Copies of forms completed by Trustees confirming they are not disqualified from acting as a Trustee
10. Current Business Plan
11. Scheme of Delegation
12. Financial Regulations
13. Performance Management Policy/Strategy
14. Most recent gifts and hospitality register
15. EALT risk register and risk management policy/strategy
16. Health and Safety Policy
17. Whistleblowing Policy
18. EALT Audit Committee papers and minutes from last three meetings
19. EALT Board papers and minutes from last three meetings
20. Agenda and minutes from last EALT AGM
21. Minutes from three most recent meetings with Council liaison officer (if performance meetings are minuted)
22. Nominations Committee (Terms of Reference)

In addition to the documents above, others may be requested and reviewed throughout the audit as required.

The following personnel will be contacted and others as required:

John Griffiths, Chief Executive, EALT



## Internal Audit of Governance

Audit Report *EALT - Governance Review - Final Report* Final Report: Saved 12/07/2018 12:27

---

**Resourcing**

Lead Auditor – Pamela Wilkinson, Audit Manager (Audit Glasgow)

Review Auditor – Francis Scott, Senior Audit Manager (Audit Glasgow)

Assignment Manager - Eilidh Mackay, Chief Auditor, East Ayrshire Council (final control of output)

Audit Allocation – 8 days

Reporting – It is envisaged that a draft report will be available for clearance with the lead client during quarter four 2017/18.

**Liaison with Management**

The lead client will be the Chief Executive of EALT, and clearance of the draft report will be with the Chief Executive of EALT or their delegate. The report will be issued thereafter.

Chief Auditor

Date

20/2/18

Chief Executive (EALT)

Date

19/02/18