

Leisure & Culture Dundee

**Report and financial statements
for the year to 31 March 2017**

Charity number SC042421

Leisure & Culture Dundee

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Leisure & Culture Dundee

Scottish Charitable Incorporated Organisation information

Trustees	S Aitken OBE (Chair) S Hunter (Vice Chair) S Murdoch (Managing Director) G Colgan (Finance Director) A Bovill B Gordon A Rae R McCready I Mathers G Easson M Methven MBE G Laidlaw W Dawson
Senior management team	S Murdoch (Managing Director) J Dobbie (Head of Library and Information Services) C Findlay (Head of Support Services) - retired 30 September 2016 P Henehan (Head of Support Services) - from 1 October 2016 B Gartley (Head of Cultural Services) G Wark (Head of Leisure and Sport)
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Charity number	SC042421

Leisure & Culture Dundee

Chairman's Report

Chairman's Remarks

I was very honoured to be asked to take over as Chair from Bob Duncan and I would like to pay tribute to the support that Bob provided in the role of Chair during the period when he was also holding the office of Lord Provost for the city. The organisation has been handed over in good shape and that is probably the highest tribute that could be paid to any departing Chair.

Annually, over 3,000,000 attendances are recorded at our facilities – a staggering footfall in a city with a population of less than 150,000.

Over its six years in existence, Leisure & Culture Dundee has generated cumulative savings for Dundee City Council in excess of £14,000,000.

In the 2016/17 year, Leisure & Culture Dundee delivered a higher level of output for 30% less cost to Dundee City Council than when it delivered the services six years ago. By any measure, these are results which, as the new Chair, give me great satisfaction.

Looking back over 2016/17 there have been many highlights: the arrival of the brown bear cubs at Camperdown Zoo; our support for Dundee's designation as the UK's first UNESCO City of Design and our role in hosting the first Dundee Design Festival; the development of our partnership with Macmillan Cancer Care for the Macmillan@Dundee Libraries Project; and our partnership with The British Museum and National Museum for Scotland, "Reflection on Celts", which was very well received by visitors, and content was shared online by an additional 20,000 people. 2016/17 was also the year when Moira Methven, one of our Board, received her MBE in recognition of the services she has provided to the public library service locally in Dundee, where she worked for the majority of her career, to the National Library of Scotland and the Scottish Library Information Council.



Sinclair Aitken OBE, DL
Chairman (June 2017 onwards)

Past Chairman's Reflection

It is with a tinge of sadness and a huge amount of pride that I stood down as Chair of Leisure & Culture Dundee.

Having previously acted as the Convener for Leisure and Communities, and in that capacity taken on the role of Chair of Dundee Leisure, and subsequently supported the formation of Leisure & Culture Dundee, I have come to know the staff, the services and many of our service users well on a personal basis.

Leisure & Culture Dundee was the first Scottish Charitable Incorporated Organisation of its type – a charity which had the benefits of incorporation limiting the liabilities of its trustees.

We viewed it as a simpler and more direct way of governing those areas of service which were to transfer from Dundee City Council and from the Leisure Trust into the new organisation.

From the outset Leisure & Culture Dundee has benefited from having a strong independent Board which understood the importance of the relationship with the City Council as its main backer and landlord.

Leisure & Culture Dundee

Chairman's Report (continued)

In the period since it was established in 2011/12, other functions have been transferred by Dundee City Council to Leisure & Culture Dundee. The Dundee Ice Arena Trust was brought into the organisation, Active Schools and the Outdoor Learning Service have also transferred to Leisure & Culture Dundee. We were asked to host the support team for the UNESCO City of Design and the Place Partnership Programme. On each occasion, these changes have delivered efficiencies and benefits for service users.

However, all good things come to an end and after ten years in this role, five with the SCIO, I am delighted to have passed on the Chairmanship to my Vice-Chair Sinclair Aitken OBE. I am also delighted that Stewart Hunter has been prepared to take over the role of Vice-Chair from Sinclair. Between them and the capable and committed management team of Leisure & Culture Dundee, I feel our services are in good hands and, while I know there will always be challenges, I look forward to watching Leisure & Culture Dundee continue to make a major positive impact on the quality of life for those who live, work or visit this city.

I wish all associated with Leisure & Culture Dundee continued success.

Bob Duncan
Chairman 2016/17

Leisure & Culture Dundee

Managing Directors' Report 2016/17

Children and Young People

Leisure & Culture Dundee delivers a huge range of services to children and young people. From pre-birth to early years, from primary to secondary school, and into young adulthood.

Our facilities are open for 361 days per year with programmes start at 6.00am and they end at midnight; our buildings get heavily used.

Our objective simply is to provide opportunities for physical activity, active learning, cultural engagement, and fun.

Most of this happens with the support of parents or carers, but there are some children who need more support and who would not get access unless there was targeted intervention in their lives.

In most cases, we rely on others to help us make these targeted interventions. For example, the funding we receive from Macmillan Cancer Care, sportscotland (Active Schools), the Northwood Trust, Coca-Cola, and Dundee City Council.

In many cases Leisure & Culture Dundee has been able to enhance programmes by using profit that has been generated by trading activity and reinvesting it in its social and charitable purposes. For examples, by funding a discount access scheme to swimming, sports and other facilities, and by sponsoring places on the Soundbase Workshops, etc.

What are we here for?

To encourage children and their families to get the best experience growing up in Dundee, by playing and learning together.

We want to create safe, attractive, stimulating, and challenging experiences, which will make young people happy and more capable and which will help them to become resilient adults.

To do this, we promote activities which are interesting, affordable, accessible, and which promote collaboration and integration.

We put a strong emphasis on working with young people, particularly as they become young adults, giving them responsibility for developing or co-creating programmes with us.

Today we run community provision in 7 of Dundee's secondary schools. We have expanded the programme, we have increased attendances, and we have done this at a significant saving to Dundee City Council.

During 2016 Active Schools and Outdoor Learning programmes were transferred into Leisure & Culture Dundee, creating a more robust school and community pathway for physical activity.

Today, young people in Dundee have better opportunities than ever before to gain free access locally to the benefits of library and information services, to sport and physical activity, and to cultural opportunities. There will be very few young people growing up in Dundee that do not, on a weekly basis, have some form of contact with the services provided by Leisure & Culture Dundee.

Leisure & Culture Dundee

Managing Directors' Report 2016/17 (continued)

We have recently carried out an audit of what these services look like and what we offer to every child growing up in the city.

We could look at this as an entitlement.

We know that better off families with supportive parents help their children to access these opportunities. Our challenge is to extend that offer to looked after children and to children whose parents or carers are less motivated to give them access to these opportunities. To do this, we need the active support and collaboration of partners, particularly colleagues from the City Council's Children and Families Services.

Wellbeing

You may be aware that Scotland has been placed joint last in a recent international study of physical activity among young children. This is despite having the second highest rated policies for physical activity, one of the best environments and infrastructures for play and excellent availability of leisure centres, swimming pools and gyms - all recognised in the same report.

In Dundee, according to the Active Scotland statistics - gleaned from the household survey - we are below the Scottish average for the

- % of active adults
- % of active children
- participation levels for children engaging in play and sporting activities.

Additionally two thirds of Scotland's population is overweight - that's 100,000 Dundee citizens.

One of Scotland's major health challenges is mental illness. It is estimated that more than a third are affected by a mental health problems each year with the most common conditions being depression and anxiety. That equates to some 50,000 people in Dundee every year and the prevalence is disproportionate to those facing the greatest socioeconomic challenges.

A significant number of those affected also experience extreme poverty, unemployment and debt, substance misuse and domestic violence and the incidence increases as people grow older.

Scotland also faces an increased number of cancer diagnoses annually. In 2014, 11,500 non-melanoma skin cancers and some 32,000 other cancers were diagnosed. In the preceding 10 year period diagnose rates increased by 6% for women and 3% for men.

There are therefore major health issues facing the people of Dundee. In response, Leisure & Culture Dundee offers opportunities for the whole population to improve their wellbeing. We also target a range of designed provision for particular groups.

The McManus offers a twice weekly out of hours Creative Campus evening for community groups, partners and museum staff to meet, talk and share ideas: enhancing capacity building and connectivity and helping tackle social isolation and increasing a sense of community.

Leisure & Culture Dundee

Managing Directors' Report 2016/17 (continued)

Children and adults have been encouraged to improve their self-confidence and citizenship through family focused Day to Play initiatives. These are free interactive performance workshops provided in partnership with Shaper/Caper: probing mental agility by setting out stimulating problem solving exercises.

It is recognised that participation in choirs improves wellbeing across a number of areas. Cultural Services engages with, and supports 3 choirs in the city with over 200 people taking part each week. As well as Loadsaweeminsingin and Dundee's Got Soul choirs, Cultural Services organises Leisure & Culture Dundee's workplace choir - in partnership with the RSNO. Leisure & Culture Dundee wants to be an organisation with a focus on staff wellbeing.

Cultural Services provides a number of projects targeting families: for example, dance and physical theatre was the focus of the Big Draw Event with industrial heritage inspired choreographed dance pieces.

The behind the scenes tours opens up unseen parts of the collections unit, the art stores and the Caird Hall allowing people to explore the collections and facilities. These include a 160 foot, 232 step, climb to the top of The Old Steeple - that'll keep you fit!

The Library Service also provides a valuable contribution to people's health and wellbeing. At the entry level for the Service, there is substantial evidence of the contribution reading makes to an individual's wellbeing and ability to achieve going through life.

However, the Service also provides more specialised services including the Dementia Library, opened in 2016. It provides access to information, resources and group activities for people living with dementia, their carers, family members and people working in dementia care in a much more relaxed, non-clinical environment. Equally, the Reminiscence Sessions have proved very beneficial for people experiencing memory loss.

Other Specialist Collections have been developed to support carers of, or people living with dyslexia, dyspraxia, autism and those using the Makaton language programme. Library staff are trained to ensure they can assist individuals and families in using the resources and to signpost to other agencies and networks who can provide further support.

More generally, collections of books are available on pain management, health and self-help to support people looking to improve their quality of life and overall wellbeing.

Reading groups are well established at all thirteen branch libraries. They offer members a social setting to enjoy group interactions and improve literacy. Members of the groups often become sources of support for one another helping to reduce isolation and loneliness.

Libraries also indirectly support a range of people with health related conditions by providing community spaces to partner organisations such as Health and Social Care to meet their clients. Local libraries act as a collection point for Blue Badges and provide rooms for self-help groups to meet.

The Leisure and Sport Service now has a dedicated Health and Wellbeing team which delivers a wide range of activities to promote long term benefits to the city's people and local communities. The team organises and provides programmes targeting medical recovery, fitness awareness raising and building an active lifestyle.

Leisure & Culture Dundee

Managing Directors' Report 2016/17 (continued)

The Active4Life programme has in excess of 1,500 referrals from a range of client bases - people with long term health conditions, prisoners on liberation, street soccer volunteers, young carers and looked after children. Our partners include, NHS Tayside, Dundee City Council, Scottish Prison Service, Dundee Carers Service and Positive Steps. The programme promotes active lifestyles for individuals facing particular challenges, many with multiple challenges and supports other recovery focused interventions.

The re-imagined Family Active programme has over 400 referrals and 150 members receiving access to various pools throughout the city for £1 per family - no matter the size. This programme has received national recognition for tackling poverty and improving family and community cohesion.

As well as the work Macmillan does with the library service, it also works with the Leisure and Sport Service. The Move More Dundee programme is a free 12 week physical activity programme aimed at getting anyone living with or beyond cancer to be more physically active. There are 4 peer support options: circuit classes, health walks, gardening and gentle movement. Referrals have increased during the last year and there is now a 60% follow on into the Active4Life programme after the initial 12 weeks - 50% better than the national average.

In partnership with charity Street Soccer, the Health and Wellbeing team has engendered "hope" to many young people in the city with their involvement in coach education, vocational training and confidence building. The programme promotes employability and tackles homelessness.

Local green spaces are activated by the ParkLives programme. Free fun activities are provided from Easter until October and include health walks, outdoor zumba, family tennis, cycling, archery, mindful walking and much more. The programme's focus is to get the inactive, active.

Finally, with over 15,000 attendances during 2016/17, mainly teenage girls, the dance programme is a vibrant success. It aims to keep young people engaged in physical activity who otherwise would not participate and its main focus is young women, who "statistically" are more likely to give up activity at the end of primary school.

Notwithstanding all of this successful targeted work, our facilities and services are available for all Dundee people almost every day of the year, with opening hours as early as 6.00am and closing after midnight, many of them are free or provided with concessionary pricing and operate throughout the city, in every locality. We see over 3 million visitors every year and there is something for everyone - and even if we don't deliver it directly, we can facilitate it. We host international sporting events, nationally significant exhibitions and unique author events - and we also work with individuals facing various challenges and support aspiring communities - both of interest and geographic. We try to ensure our services are accessible to, and enjoyed by all.

Fairness and Inclusion

As we are all very much aware, Dundee as a whole has a significant percentage of areas of deprivation. According to the Scottish Index of Multiple Deprivation (SIMD) 2016, Dundee is one of the five local authorities with the largest proportion of datazones in the 20% most deprived.

This is not just in relation to income, but also about employment, health, education, geographic access to services, housing and crime. Leisure & Culture Dundee has a clear purpose in ensuring that our customers can access the services we provide, regardless of their circumstances.

Leisure & Culture Dundee

Managing Directors' Report 2016/17 (continued)

Through the programmes we deliver, the projects we establish and the partnerships we create, Leisure & Culture Dundee has a clear focus on inclusion.

A high number of the services that we deliver are free at the point of access which is crucial to people who are experiencing poverty. We provide free Wi-Fi and Internet access together with free IT training and support to ensure that job seekers, benefit claimants and anyone digitally excluded is able to go online. This is essential in a society which is increasingly moving to a digital by default agenda.

Free access to our museums provides a crucial means of viewing exhibitions at a local level to those without the financial means to travel to venues in Glasgow, Edinburgh or London to see the same exhibitions.

Projects such as ParkLives, in partnership with Coca-Cola, gives a framework of free access to healthy activities in local venues. This is a key method of inspiring individuals and families to recognise the benefits of a healthier lifestyle. There were over 2,000 attendances last year. Activities to suit everyone's needs and ability levels bringing together diverse groups and ages in a fun, open atmosphere.

Concessionary access is available to our sports venues and programmes for those on low incomes and direct delivery, in kind support, training and equipment is provided to a number of charitable causes and community groups such as Dundee International Woman's Aid, local sport clubs, looked after and accommodated children. 191 children and young people living in poverty accessed holiday provision through the SummerActive Project.

At the heart of what we do is a recognition that there are barriers preventing people from using services which can make a difference to their lives. Our aim is to breakdown these barriers by working with a range of partners so that services can be targeted to reach the right audiences.

Through working with nurseries, schools, the NHS and other third sector health providers we identify groups who can benefit from accessing the services we provide. For example, we are working closely with Macmillan to deliver Move More sessions to people with a cancer diagnosis, as well as setting up Macmillan hubs in libraries to give support away from a clinical environment.

We visit people who are unable to leave their homes to take services to them and are often one of the few visitors the customer receives. This brings much needed social interaction and the chance for wider issues to be raised, where we can signpost other agencies to provide support. The first **Go for Gold** event was held in Dundee last year providing 44 Dundee care home residents the chance to take part in new, light, fun activities in a semi-competitive environment.

Working with third sector providers and members of the Health and Social Care Partnership, we provide a welcoming, supportive experience to people with additional support needs. Specialised sessions are delivered through a range of our venues. For example Kingspark School has access to McTaggart Regional Gymnastics Centre and there is free access for wheelchair users to Dundee Ice Arena. In Central Library, there is a regular programme of events and activities including local history sessions, craft activities and storytelling sessions for local groups.

Over the coming year, Leisure & Culture Dundee will continue to establish and deliver quality services which are accessible, relevant and responsive. We will work with our partners to ensure that we continue to address inclusion priorities target key groups living in Dundee.

Leisure & Culture Dundee

Managing Directors' Report 2016/17 (continued)

Quality of Life

Our purpose statement is **to deliver, for the citizens of Dundee, and those who visit the City, high quality Leisure, Sport, Cultural and Learning Experiences which improve their quality of life.**

Quality of life is the general wellbeing of individuals and societies. It observes life satisfaction, including physical health, family, education, employment, wealth, religious beliefs, finance and the environment. Quality of life should not be confused with the concept of standard of living, which is based primarily on income.

Across our three service areas and throughout the city, we make improving people's quality of life central to what we do, and we are committed to provide high quality, consistent and customer focussed access to our resources and to the services that we deliver.

Much of what we provide is free, and we have concessions that support the most vulnerable to ensure access and engagement across our communities, actively promoting inclusion. And of course we always aim to deliver "best value".

The network of libraries and sports facilities across Dundee ensures that people have this access to services and facilities at a local level.

The provision of a comprehensive selection of books at all libraries ensures that material displayed is attractive, current and appealing to customers. Through this we aim to inspire reading across all interests and age groups. Recently 3D Printers have become a key resource and are used to great effect with a range of audiences.

In terms of swimming – research has indicated the earlier a child learns to swim the better they are with coordination, self-awareness and social interaction. Leisure and Sport sees over 50s engaging in swim jog and lunchtime lane swim sessions and appreciating the social aspect of swimming.

Lochee community pool has gym fitness classes and water based activities, including the provision of tuition for pre-school and school age children and adults. Active Women and Active Men sessions are provided where opportunities were previously not accessible due to cultural or faith barriers. These sessions are successfully promoting social interaction, relaxation and health benefits.

We also manage some of Dundee's best loved and most visited attractions including The Caird Hall, the main concert venue in the city which contributes significantly to the cultural life of the Dundee.

In a wide and ranging programme, The Scots Trad Music Awards were a highlight of the year with musicians from all over Scotland participating, and Music Development's St Andrew's Day Fusion Festival included workshops and a celebration of the different cultures that make up modern Dundee.

Our Music Strategy for the city is being developed in consultation with over 600 individuals and 30 partner organisations across the city and is planned to launch in June 2018. Focusing on growing opportunities for musicians and venues, developing audiences and improving promotion.

Leisure & Culture Dundee

Managing Directors' Report 2016/17 (continued)

Voted Dundee's best loved building, the McManus is currently celebrating its 150th anniversary year, with a varied exhibition programme including our recent partnership with The British Museum and National Museum for Scotland Reflection on Celts. This was very well received by visitors and we were able to share content online with an additional 20,000 people.

This year at McManus, community engagement has been delivered through a programme called The People's Story. We are all about making a positive impact on health and well-being for people to engage with cultural heritage and tell 'their own story' of what the museum means to them through a blend of art, dance, music, theatre, film, written and spoken word.

The city's Art and museum's collections are held in trust for the citizens of Dundee and are recognised as being nationally significant and our loan programme illustrates the importance of our collection with work going on display in Edinburgh, London, and Paris already this year with work going to Barcelona, Madrid and Kyoto in Japan later this year. This helps enhance Dundee's reputation as an internationally recognised city at the heart of a vibrant region.

At the central library, our Local History Service provides access to information relating to Dundee's heritage, culture and history. Specialist library staff answer detailed genealogical and local history enquiries at local, national and international levels facilitating access to an impressive collection of unique material which attracts worldwide attention.

On a lighter note, we were a key partner of the Oor Wullie Bucket Trail - promoting and offering activities to encourage 'Bucket Trail' audiences to visit and explore our galleries and collections at the McManus, Mills Observatory, Broughty Castle and our library network across the city. This fantastic initiative which brought people together from across the city for selfies and conversations and at the same time raised money for a great charity. A real fun way to contribute to our collective Quality of Life!

Leisure & Culture Dundee are the lead agency for the management and delivery of Dundee's Place Partnership, a three year cultural development programme funded between Creative Scotland and Dundee Partnership and supports the delivery of Dundee's cultural strategy.

As you will be aware, Dundee was given its status as the only UK City of Design and in the last two years the significance of that designation has become increasingly important. The 22 other global UNESCO design cities provide an incredible network for Dundee to be a part of and contribute to. Dundee will have the V&A Museum of Design and has piloted public sector redesign through a social design academy, DJCAD is the top performing arts school in Scotland and one of the top in the UK. For Leisure & Culture Dundee hosting and managing the designation on behalf of the city is an important responsibility and we recognise how significant this is in contributing to the wider quality of life to the citizens of Dundee and to our visitors.

Leisure & Culture Dundee is also the focal point for the development of Dundee's Bid to become the European Capital of Culture in 2023. Significant external funding from Government, the City Council and private sector has allowed us to progress the bidding process. Securing this designation would be a major contribution to the quality of life across the city and region and continue our contribution to the culture led regeneration of the city.

Leisure & Culture Dundee

Managing Directors' Report 2016/17 (continued)

So in finishing, since becoming a charitable organisation in 2011 our strap line has been "Putting Quality into Life" and it is central to what we do. We know we are delivering because of the positive feedback we get from our visitors and participants across our network of facilities. Our organisational purpose is to deliver on Quality of Life.

Organisational Development

Since our inception in July 2011, Leisure & Culture Dundee has evolved as an organisation, and as part of this evolution, the Leisure & Culture Dundee Board has made a number of decisions to invest in areas that help to develop our facilities and services in order to enhance the customer journey and experience when visiting our facilities, to meet our charitable purposes but to also enable us to deliver services on behalf of Dundee City Council so that it meets its Single Outcome Agreements.

This investment has been enabled by surpluses generated year on year by Leisure & Culture Dundee, and a total investment committed by the Board to date is £1.2m. In 2016/17, the Board agreed to the following investment:

£125k towards an ICT action plan and Wi-Fi enhancement in all Leisure & Culture Dundee buildings – it was recognised that, in the current financial climate, all Leisure & Culture Dundee ICT requirements could not be met by Dundee City Council through our Service Level Agreement, so the Board agreed to invest in upgrading current systems and introducing new initiatives, such as handheld devices to track performance progress of children through the Learn 2 Swim programme.

£100k towards development of Apprenticeships, Internships and Graduate Trainee posts, linking in to Dundee City Council's employability programme for young people of Dundee.

£50k was made available to enhance the programme of replacement lighting at Caird Hall as part of Dundee City Council's capital works programme.

£53k has been set aside for the purchase of new furniture and reception desk at Lochee Library, again to enhance the capital works being undertaken by Dundee City Council at the library.

The Board also committed £250k towards the ambitious project of building a community wing as an extension to Broughty Ferry Library.

These commitments are in addition to the commitments made in previous years, the work for some of which has been completed:

£125k towards the Place Partnership Programme in Dundee over a three year period, a city wide project to celebrate the culture and creativity of Dundee delivering a series of initiatives and ambitious projects to encourage creativity in communities.

£80k to refurbish the sauna and steam rooms at Lochee Swim & Leisure Centre as part of a bigger refurbishment of the changing area at the facility.

£100k to replace signage at all Leisure & Culture Dundee venues making the organisation and what it delivers more visible to the citizens of Dundee.

Leisure & Culture Dundee

Managing Directors' Report 2016/17 (continued)

The surpluses generated over the past five years by Leisure & Culture Dundee since our inception has been against a backdrop of reducing management fee from Dundee City Council to deliver the same, and in some cases, enhance services, as agreed in our Service Level Agreement. This has been a real challenge, however we have increased income generated through increase in customers over this period through the quality, diversity and expanding services we continue to deliver.

2016/17 was a significant year for Leisure & Culture Dundee as it was the first year since inception that the income generated by the organisation exceeded the management fee received from Dundee City Council for delivery of the services. This income included various sources of external funding, which we have tapped into in order to enhance the core services we deliver, but also to offer new services such as Coca Cola Parklives, the Macillan funded referrals programme and Northwood Trust.

The external funding received by Leisure & Culture Dundee has risen significantly over the past five years and it is an area the organisation continues to actively pursue in order to enhance and increase the services and facilities available to the citizens of Dundee.

Looking Forward

The key challenge for both the Senior Management Team and the Board of Leisure & Culture Dundee is to continue the enormous strides which have been made through the partnership between Leisure & Culture Dundee and Dundee City Council. This is a partnership which is based on maximising the benefits which accrue from the independent charitable status of Leisure & Culture Dundee, with an active and committed Board, alongside the relationship with a local authority which, as landlord and core funder, retains a close interest in both the quality of services provided and the performance of the SCIO.

This partnership will inevitably be tested as public finances are stretched and as the capacity of Dundee City Council to meet its Service Level Agreements with Leisure & Culture Dundee comes under greater pressure.

Our response to these discussions will be to maintain an open dialogue where, if possible, we will generate more income, save expenditure and continue to meet the social and charitable objectives we were established to focus on.

Our strategic priorities going forward align very closely to those of the City Council and Dundee Partnership, as reflected in their corporate plans and Local Outcome Improvement Plan, specifically:

- Children and Young People
- Promoting Well-being
- Fairness and Inclusion
- Quality of Life
- Performance and Development

On a cross-service basis, Leisure & Culture Dundee has looked at each of these themes and analysed what is currently provided and in what areas there is scope for further development.

Leisure & Culture Dundee

Managing Directors' Report 2016/17 (continued)

In relation to capital projects, we were disappointed at the delay in progressing with the Regional Performance Centre for Sport (RCPS) but are delighted that planning permission has now been granted and that the building of the RPCS is to go ahead in Caird Park. The Board hope to complement this development with improvements to the golf offer and to the development of a golf driving range adjacent to the RPCS which it plans to fund independently.

There has been a very positive public response to the proposal to create a community wing at Broughty Ferry Library. Funding this project represents a significant challenge but, at this stage, we are encouraged and will continue to work with partners towards that objective throughout the forthcoming year.

Other developments which are of a smaller scale but no less important to the quality of the provision we manage include:

- Plans by Historic Environment Scotland to replace windows and to carry out to the improvement work to the external façade of Broughty Castle.
- Improvement in our marketing of services and programmes on offer.
- Development of new species and new enclosures, and our important breeding programme at Camperdown Wildlife Centre.
- Reviewing and updating our ethical and environmental policies.
- Further commitment to building on programmes which target the most vulnerable in our society, either through creative learning, the role of the Public Library Service, or through the delivery of programmes designed to promote health and well-being.



Stewart Murdoch
Managing Director, Leisure & Culture Dundee

Leisure & Culture Dundee

Trustees' report

The trustees have pleasure in submitting their annual report and financial statements for the year ended 31 March 2017. The charity information set out on page 1 and the Chairman's and Managing Director's reports on page 2 and pages 3 to 11 respectively, form part of this report. The financial statements comply with the recommendations of the Statement of Recommended Practice and Accounting and Reporting by Charities and current statutory requirements.

Structure, Governance and Management

Charitable status

Leisure & Culture Dundee is a Scottish Charitable Incorporated Organisation (SCIO), governed by its constitution, and has charitable status under the Charities and Trustee Investment (Scotland) Act 2005 and the Scottish Charity Number is SC042421. The SCIO was recognised by the Office of the Scottish Charity Regulator (OSCR) on 29 June 2011.

Trustees

There are thirteen trustees of which six have been appointed by Dundee City Council, four elected members and two officers, specifically the Vice Chair, Managing Director and Finance Director. There are seven independent trustees in accordance with the SCIO's constitution.

At the conclusion of each Annual General Meeting, required under the constitution, two out of the required seven independent trustees shall retire from office, but may then be re-appointed. The trustees to retire shall consist of those who have been longest in office since they were last appointed or re-appointed. A trustee appointed by the Council (elected members) who has served for a period of six years shall not be eligible for re-appointment until a further period of one year has elapsed. The board may, by way of a resolution passed by majority vote at a board meeting, waive the provisions in relation to a particular charity trustee if they consider that exceptional considerations make that appropriate.

The trustees as at the date of this report are as detailed on page 1. In addition, L Mason, R Duncan and M Stewart were trustees until they retired on 16 November 2016, 4 May 2017, and 7 June 2017 respectively. G Laidlaw, W Dawson and G Colgan were appointed as trustees on 24 April 2017, 7 June 2017, and 8 June 2017 respectively.

Policies and procedures for induction and training of trustees

The ongoing training needs of trustees are considered by the board from time to time.

Organisation Structure

The Trustees meet bimonthly where decisions are taken to set the overall strategy for the SCIO as well as to monitor its activities. Senior management are charged with the task of implementing these decisions.

Pay policy for key management personnel

The trustees consider the board of trustees, and the senior management team to comprise the key management personnel of the charity, in charge of directing and controlling, running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee received remuneration in the year.

Leisure & Culture Dundee

Trustees' report (continued)

Pay policy for key management personnel (continued)

As Leisure & Culture Dundee has a TUPE+ agreement under The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) with Dundee City Council, the pay of senior staff is set in line with policies and procedures for setting salary grades and scales for Dundee City Council Local Government employees. Each job description is subject to an evaluation process, which has been agreed with CoSLA, and through this process, the post is graded accordingly. Salaries will then increase through incremental progression through the four increments of the particular grade. Reviews of the grade will only take place if there is a significant change to the duties of the post.

Risks

The major strategic, business and operational risks that the organisation faces have been identified and are contained within the Risk Management Policy & Business Risk Assessment which was approved by the Board. In accordance with the policy, there will be an ongoing review of risks, with a formal review annually, which will be reported to the Board.

There are, within the assessment, identified existing controls and, where relevant, further actions detailed with timescales for completion and identified officers responsible.

Financial sustainability is identified as a major risk for Leisure & Culture Dundee.

The controls in place to mitigate the risk are as follows;

- Monthly monitoring position reported to the Finance Committee along with options identified to address any adverse variances
- Establish and maintain principles and timeline for settlement of Leisure & Culture Dundee revenue budget in conjunction with Finance Committee and Dundee City Council, with particular focus on any material changes to the management fee for Dundee City Council
- Treasury management, ensuring surplus balances are working for Leisure & Culture Dundee

Non-financial risks arising from health and safety, employee relations and total loss of IT are managed by having robust policies and procedures in place and maintaining staff standards through training and development.

Reserves policy

The organisation's principal charitable activities are:

- The operation, management and development of Galleries, museums, and other facilities which provide public access to collections of work of art, antiquities and objects of scientific interest;
- The development and delivery of arts and cultural activities and events, artistic programmes, and educational projects;
- The operation, management and development of libraries and provision of library and archive services
- The operation, management and development of indoor and outdoor sports facilities
- The development and delivery of sports activities directed towards wider participation in sport

Leisure & Culture Dundee

Trustees' report (continued)

These activities are funded by service fees from Dundee City Council and income generated from fees charged to access some of the activities.

The organisation's accounts reflect liquid or readily realisable assets, ie cash held to fund activities and operating costs.

The Board considers it appropriate that the Reserves Policy be established by reference to the organisation's liquidity position.

Accordingly, the Board has decided that the organisation should maintain cash and readily realisable assets equivalent to one month's planned income to be generated from activities. Based on the current income position, our policy requires the organisation to hold £725,000 including a minimum of £100,000 in cash, within unrestricted reserves excluding the pension deficit.

The reserves policy is adopted to ensure that the organisation remains able to continue providing its charitable activities in the event of greater volatility in our future income.

Purpose statement

To deliver, for the citizens of Dundee, and those who visit the City, high quality Leisure, Sport, Cultural and Learning Experiences which improve their quality of life.

Objectives and activities

Principal activity

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

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 members of the public at large with the object of improving their conditions 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 the effectiveness or efficiency 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; through the provision of services (including those entrusted to it by Dundee City Council), which contribute to advancing well-being (primarily the wellbeing of residents of Dundee) including (i) the operation, management and development of galleries, museums and other facilities which provide public access to collections of works of art, antiquities and objects of scientific interest; (ii) the development and delivery of arts and cultural activities and events, artistic programmes, and educational projects; (iii) the operation, management and development of libraries and provision of library and archive services; (iv) the operation, management and development of indoor and outdoor sports facilities (including arrangements to facilitate access to such facilities by those on lower incomes or having special needs and to encourage wider participation in healthy exercise); (v) the development and delivery of sports activities and events directed towards wider participation in sport; (vi) the development and delivery of community learning and adult learning initiatives; and (vii) the delivery of services focused on social renewal and the needs of young people.

Leisure & Culture Dundee

Trustees' report (continued)

Objectives and activities (continued)

The Trustees and employees of Leisure & Culture Dundee are expected to abide by Leisure & Culture Dundee's Organisational Values in delivering its purpose, as set out in section 4 of the constitution: www.leisureandculturedundee.com/home/about-us

The Trustees agreed a set of organisational values which highlight:

- **The Commitment to Service Quality and Excellence:**

Leisure & Culture Dundee is committed to attaining and maintaining the highest possible standards of service quality and excellence across all of our services and to working with a continuous focus on service improvement. This includes the way we will work and the quality of the outputs and outcomes we aim to achieve. We will not be complacent; we will review progress, challenge assumptions and push boundaries so that we continuously improve.

We are committed to the principles of delivering excellent public service.

- **The Commitment to Service Quality and Excellence: (continued)**

We will show respect to those we work with and expect them to show respect to our staff.

We continuously seek to improve the quality of the learning and cultural experiences offered by the organisation, and will work to include those who find it more difficult to participate, for whatever reason.

We value diversity and retain a commitment to empowering people to become more involved in the services we provide and the decisions which affect their lives.

These principles will underpin all of our actions.

- **The Commitment to our staff being Empowered and Accountable:**

We will ensure that our managers work in a way which facilitates people taking pride in their work. This will include systems and processes to support and manage performance, so that staff are both empowered to work effectively for Leisure & Culture Dundee, and are able to take individual responsibility for meeting the needs of our customers.

Management will also review and address issues which may undermine staff or reduce the effectiveness of the organisation. We will encourage and support employee and trade union engagement in the development of the organisation.

Everyone will be accountable - this means we will recognise success as well as mistakes, and learn from these.

We know that it is the attitude, outlook and ethos of our staff that will deliver great results.

Leisure & Culture Dundee

Trustees' report (continued)

Organisational Values

- **The Commitment to actively share Knowledge and Skills:**

We will value staff and Board members who harness knowledge from diverse sources and who seek to share that knowledge across the organisation.

We will work in an environment that supports and thrives on co-operation, inter-agency working and mutual support. Our working practices will make time and space for staff to share knowledge and skills.

- **The Commitment to ensuring Equality and promoting Diversity:**

We are committed to promoting equality of opportunity which recognises and respects the diversity of those who use our services and those who work for us.

Our Equality and Diversity Policies and Practices mirror those of Dundee City Council, and seek to promote equal treatment and opportunity for all, regardless of gender, sexuality, marital status, race, colour, disability, religion, age, ethnicity or nationality.

Organisational Values

- **The Commitment to practice Corporate and Social Responsibility:**

We will seek to ensure that our present actions do not have a negative future impact on our community. This includes considering the environmental and ethical implications and opportunities of our decisions and actions.

Achievements and performance

Review of activities and performance

A wide range of measures are used to assess the performance of the SCIO. These are reported to the board on a regular basis. The main measures are related to customer visits and these are incorporated within the Managing Director's Report.

Financial review

Review of the year

The results for the year are shown in the attached Statement of Financial Activities and Balance Sheet for the year to 31 March 2017. Before taking account of FRS 102 pension adjustments the deficit on unrestricted funds amounted to £219,529 and the surplus on the restricted funds was £199,549 giving an overall deficit of £19,980. After accounting for the FRS 102 adjustments the deficit on unrestricted funds for the year to 31 March 2017 was £1,637,457 and the surplus on restricted funds was £199,549. The overall fund balances are then impacted by the actuarial loss arising on the pension scheme during the year of £6,365,216.

Leisure & Culture Dundee

Trustees' report (continued)

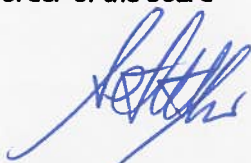
Plans for future periods

These are summarised in the "Looking Forward" section of the Managing Director's report.

Auditors

So far as each trustee is aware, there is no relevant audit information of which the auditors are unaware. Each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the auditors are aware of it.

By order of the board



S Aitken OBE
Chair, Leisure & Culture Dundee

4 October 2017

Leisure & Culture Dundee

Statement of trustees' responsibilities

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

The law applicable to SCIO's 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 SCIO and of the incoming resources and application of resources of the SCIO 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the SCIO will continue in operation.

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

Leisure & Culture Dundee

Independent Auditor's Report to the Trustees of Leisure & Culture Dundee

We have audited the financial statements of Leisure & Culture Dundee for the year ended 31 March 2017, which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the charity's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the full extent permitted by 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities set out on page 18, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017 and of 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 Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Leisure & Culture Dundee

Independent Auditor's Report to the Trustees of Leisure & Culture Dundee (continued)

Matters on which we are required to report by exception

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

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



Henderson Loggie

Statutory Auditor

Dundee

(Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006)

4 October 2017

Leisure & Culture Dundee

Statement of financial activities for the year ended 31 March 2017

	Note	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Income					
Charitable activities	2	14,089,417	1,395,018	15,484,435	14,183,296
Investments		6,619	-	6,619	8,410
Total income		14,096,036	1,395,018	15,491,054	14,191,706
Expenditure					
Charitable activities		(15,733,493)	(1,195,469)	(16,928,962)	(14,812,923)
Net (expenditure)/income		(1,637,457)	199,549	(1,437,908)	(621,217)
Other recognised (losses)/gains:					
Re-measurement of the defined benefit pensions schemes	11	(6,365,216)	-	(6,365,216)	2,647,009
Net movement in funds		(8,002,673)	199,549	(7,803,124)	2,025,792
Reconciliation of funds					
Total funds brought forward		(8,143,710)	628,945	(7,514,765)	(9,540,557)
Total funds carried forward		(16,146,383)	828,494	(15,317,889)	(7,514,765)

All gains and losses recognised in the year are included above.

Leisure & Culture Dundee

Balance Sheet at 31 March 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	6		325,918		359,630
Current Assets					
Stocks	7	70,175		60,521	
Debtors	8	1,138,482		435,235	
Cash in hand		2,997,194		3,505,755	
		<u>4,205,851</u>		<u>4,001,511</u>	
Current Liabilities					
Creditors: amounts falling due in one year	9	(1,895,574)		(1,704,965)	
Net current assets			2,310,277		2,296,546
Pension deficit	11		(17,954,084)		(10,170,941)
Net liabilities including pension deficit			(15,317,889)		(7,514,765)
Funds					
Unrestricted funds	14	1,807,701		2,027,231	
Less pension deficit	11	(17,954,084)		(10,170,941)	
		<u>(16,146,383)</u>		<u>(8,143,710)</u>	
Restricted funds	15		828,494		628,945
Total funds			(15,317,889)		(7,514,765)

The financial statements were approved and authorised for issue by the Board on 4 October 2017 and signed on its behalf by:


S Aitken
 Chair

Leisure & Culture Dundee

Statement of cash flows for the year ended 31 March 2017

	Note	2017 £	2016 £
Cash (used in)/provided by operating activities	16	(291,959)	311,617
Cash flows from investing activities:			
Purchase of fixed assets		(216,602)	-
Net cash used in investing activities		(216,602)	-
(Decrease)/increase in cash and cash equivalents		(508,561)	311,617
Cash and cash equivalents at the beginning of the year		3,505,755	3,194,138
Total cash and cash equivalents at the end of the year		2,997,194	3,505,755

Leisure & Culture Dundee

Notes to the financial statements

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared in accordance with applicable accounting standards and Accounting and Reporting by Charities; Statements 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) (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102).

Leisure & Culture Dundee meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Funds

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

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

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

A transfer is made from unrestricted funds to restricted funds to compensate fully all restricted funds which would otherwise be in deficit at the accounting date.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Leisure & Culture Dundee

Notes to the financial statements (continued)

1 Accounting policies (continued)

Income (continued)

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of an event, performance or provision of other specified service is deferred until the criteria for income recognition are met.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of providing services and their associated support costs.

Irrecoverable VAT, due to partial exemption, is included within Supplies and services in note 3.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. These costs have been allocated to expenditure on charitable activities.

Pensions

The Authority participates in the Tayside Superannuation Fund by virtue of its status as an "admitted body". This is a defined benefit scheme, and the assets are invested in external funds.

The costs of providing pensions are charged to the profit and loss account on a consistent basis over the working life-time of the members. These costs are determined by a qualified actuary and any variations from the regular costs are spread over the remaining working life-time of the current members.

Leisure & Culture Dundee

Notes to the financial statements (continued)

1 Accounting policies (continued)

Leases

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

Fixed assets

When expenditure of a capital nature is incurred by Leisure & Culture Dundee, this expenditure will be capitalised and depreciated over an agreed period, defined as its "useful economic life".

Expenditure should be capitalised when it is:

- Acquisition, enhancement, construction or replacement of buildings or other structures
- Acquisition, installation or replacement of plant, machinery, apparatus or vehicles

Enhancing an asset would be lengthening the useful economic life of the asset or increasing its market value. Expenditure on maintaining an assets previous standard of performance or useful life will be recognised as revenue.

The useful economic life of each asset will be determined on its own merits but it is anticipated that it will roughly fall into one of the following categories,

- | | |
|--------------------------|-------------|
| • New build / extensions | 25 years |
| • Tenants improvements | 10-15 years |
| • Equipment | 5-10 years |

All capitalised expenditure will be recorded at historic cost and depreciated using the straight line method over the agreed useful life of the asset

Stocks

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

Going concern

These accounts have been prepared on a going concern basis as the trustees are satisfied that the financial needs of the charity will be met from within its existing facilities and agreements. The validity of this assumption is dependent upon the continued support of Dundee City Council.

Leisure & Culture Dundee

Notes to the financial statements (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

Employee benefits

The costs of short term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Financial instruments

The company has elected to apply the provision of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Leisure & Culture Dundee

Notes to the financial statements (continued)

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reported end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Leisure & Culture Dundee

Notes to the financial statements (continued)

2	Income	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
	Admissions etc	3,379,552	-	3,379,552	3,246,535
	Membership	1,556,099	-	1,556,099	1,519,855
	Library income	237,403	-	237,403	232,353
	Hire of facilities	127,565	-	127,565	116,642
	Resaleable goods	309,103	287	309,390	270,749
	Funding	356,938	1,356,717	1,713,655	874,410
	Other income	695,614	38,014	733,628	705,656
	Catering income	240,686	-	240,686	234,096
	Service fee	7,186,457	-	7,186,457	6,983,000
		<u>14,089,417</u>	<u>1,395,018</u>	<u>15,484,435</u>	<u>14,183,296</u>
		=====	=====	=====	=====
3	Costs of providing service	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
	Employee costs	9,925,052	726,970	10,652,022	9,386,384
	Pension costs	2,328,012	95,431	2,423,443	2,197,558
	Property costs	241,138	-	241,138	201,221
	Supplies and services	2,590,732	362,207	2,952,939	2,424,126
	Transport costs	260,572	10,861	271,433	209,020
	Pension finance costs	366,086	-	366,086	380,750
	Pension administration expenses	13,436	-	13,436	3,604
	Governance costs	8,465	-	8,465	10,260
		<u>15,733,493</u>	<u>1,195,469</u>	<u>16,928,962</u>	<u>14,812,923</u>
		=====	=====	=====	=====
4	Governance costs			2017 £	2016 £
	Audit fees			8,465	7,610
	Trustees and officers indemnity			-	2,650
				<u>8,465</u>	<u>10,260</u>
				=====	=====

Trustees and officers indemnity insurance was included within the main insurance policy this year and the cost is included within the Supplies and services costs above.

Leisure & Culture Dundee

Notes to the financial statements (continued)

5 Staff numbers and costs

	2017 £	2016 £
Wages and salaries and other staff costs	9,922,655	8,905,685
Social security costs	729,367	480,699
Pension costs	2,423,443	2,197,558
	<u>13,075,465</u>	<u>11,583,942</u>
	=====	=====

Included within wages and salaries and other staff costs above are termination benefits of £177,612 (2016 - £57,259) paid to employees as a result of voluntary redundancy.

No member of the Board received remuneration or any expenses other than trustees indemnity insurance in either year.

The average monthly number of employees, based on head count, of the charity during the year was 689 (2016 - 658) as a result of the transfer of additional services from Dundee City Council.

No employee received remuneration of over £60,000 per annum in either year.

The total remuneration of the five members of the senior management team is £400,465 (2016 - £369,407). One of the members of the senior management team is remunerated through Dundee City Council.

6 Fixed assets

	Tenants improvements £
Cost	
At 1 April 2016	359,630
Disposals	(3,972)
At 31 March 2017	<u>355,658</u>
Depreciation and impairment	
At 1 April 2016	-
Depreciation charged in the year	29,740
At 31 March 2017	<u>29,740</u>
Carrying amount	
At 31 March 2017	<u>325,918</u>
	=====
At 31 March 2016	359,630
	=====

Leisure & Culture Dundee

Notes to the financial statements (continued)

7	Stocks	2017	2016
		£	£
	Stocks	70,175	60,521
		=====	=====
8	Debtors		
	Trade debtors	524,341	265,595
	Prepayments and accrued income	581,428	132,673
	Other debtors	32,713	36,967
		-----	-----
		1,138,482	435,235
		=====	=====
9	Creditors		
	Amounts falling due within one year:		
	Trade creditors	171,815	147,008
	Dundee City Council	1,030,074	955,038
	Accruals	332,465	284,487
	Deferred income	361,220	318,432
		-----	-----
		1,895,574	1,704,965
		=====	=====

Deferred income consists of amounts received during the year relating to events to be held after the year end.

	£
Deferred income	
At 1 April 2016	318,432
Released in year	(318,432)
Received in year	361,220

At 31 March 2017	361,220
	=====

Leisure & Culture Dundee

Notes to the financial statements (continued)

10 Commitments

	Land & Buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Total commitments under non-cancellable operating leases are as follows:				
Due within one year	29	29	73,913	77,988
Due in two to five years	116	116	55,752	129,665
Due in more than five years	406	435	-	-
	<u>551</u>	<u>580</u>	<u>129,665</u>	<u>207,653</u>
	=====	=====	=====	=====

Lease payments recognised as an expense during the year amounted to £78,017 (2016 - £65,767).

The land and buildings commitment is the rent payable to the Dundee City Council for the use of the premises for the provision of recreation and leisure facilities on behalf of the Council for the period to 2036.

11 Pension

Leisure & Culture Dundee is an admitted body to the Local Government Pension Scheme which is a funded defined benefit scheme. During the year Leisure & Culture Dundee made contributions of £1,606,243 (2016 - £1,263,578).

	2017	2016
	£	£
i) Retirement benefit scheme deficit		
Change in benefit obligation		
Benefit obligation at 1 April 2016	43,353,003	44,141,341
Current service cost	2,166,846	2,178,189
Past service cost, including curtailments	477,802	19,369
Interest cost	1,648,116	1,538,013
Change in financial assumptions	12,796,261	(4,107,440)
Experience loss/(gain) on defined benefit obligation	6,559	(6,090)
Contributions - employee	492,635	445,652
Benefits paid	(941,696)	(845,746)
Unfunded payments	(35,585)	(10,285)
	<u>59,963,941</u>	<u>43,353,003</u>
	=====	=====

Leisure & Culture Dundee

Notes to the financial statements (continued)

11 Pension (continued)

	2017 £	2016 £
Change in scheme assets		
Fair value of scheme assets at 1 April 2016	33,182,062	32,641,725
Interest on assets	1,282,030	1,157,263
Return on assets less interest	6,437,604	(1,466,521)
Administration expenses	(13,436)	(3,604)
Contributions - employee	492,635	445,652
Benefits paid	(977,281)	(856,031)
Contributions - employer	1,606,243	1,263,578
	<u>42,009,857</u>	<u>33,182,062</u>
Fair value of scheme assets at end of year	42,009,857	33,182,062
	<u>(17,954,084)</u>	<u>(10,170,941)</u>
Retirement benefit deficit	(17,954,084)	(10,170,941)
Reconciliation to the balance sheet		
Present value of funded scheme liabilities	(59,544,896)	(43,155,946)
Fair value of scheme assets at end of year	42,009,857	33,182,062
Present value of unfunded obligations	(419,045)	(197,057)
	<u>(17,954,084)</u>	<u>(10,170,941)</u>
Deficit	(17,954,084)	(10,170,941)
ii) Amounts recognised in net expenditure		
Current service cost	2,166,846	2,178,189
Past service costs	477,802	19,369
Interest costs	366,086	380,750
Administrative expenses	13,436	3,604
	<u>3,024,170</u>	<u>2,581,912</u>
	<u>3,024,170</u>	<u>2,581,912</u>
iii) Re-measurements of the net assets/(defined liability)		
Return on fund assets in excess of interest	6,437,604	(1,466,521)
Change in financial assumptions	(12,796,261)	4,107,440
Experience (loss)/gain on defined benefit obligations	(6,559)	6,090
	<u>(6,365,216)</u>	<u>2,647,009</u>
	<u>(6,365,216)</u>	<u>2,647,009</u>

Leisure & Culture Dundee

Notes to the financial statements (continued)

11 Pension (continued)

iv) Financial assumptions

The principal assumptions used by the independent qualified actuary in updating the most recent valuation to 31 March 2017 for FRS 102 purposes were:

	2017 %	2016 %
Discount rate	2.8	3.8
Retail price inflation	3.6	3.4
Rate of increase of salaries	3.7	4.3
Rate of increase of pensions in payment	2.7	2.5
	====	====
	2017 Years	2017 Years
Life expectancy from age 65		
Retiring today:		
Males	21	21
Females	24	23
Retiring in 20 years:		
Males	24	24
Females	26	26
	=====	=====
The assets of the scheme were:	2017 %	2017 %
Asset category		
Equities	72.0	66.6
Gilts	6.6	5.2
Other bonds	9.9	12.9
Property	9.9	12.2
Cash	1.6	1.1
	-----	-----
	100.0	100.0
	=====	=====
	2017 £	2017 £
Amounts included in the fair value of assets for:		
Equities	30,243,183	22,747,821
Gilts	2,784,857	1,736,826
Other bonds	4,143,747	4,284,765
Property	4,144,822	4,048,496
Cash	693,248	364,154
	-----	-----
Total market value of assets	42,009,857	33,182,062
	=====	=====

Leisure & Culture Dundee

Notes to the financial statements (continued)

12 Related party transactions

Leisure & Culture Dundee was contracted to provide recreation and leisure services by Dundee City Council. In the year to 31 March 2017 Leisure & Culture Dundee received from Dundee City Council £9,363,618 (2016 - £7,545,732) for services provided and paid them £640,237 (2016 - £771,239) for goods and services received including a peppercorn rent for the use of the facilities occupied by Leisure & Culture Dundee. At 31 March 2017 Dundee City Council owed Leisure & Culture Dundee £793,262 (2016 - £160,499) and the charity owed Dundee City Council £1,043,864 (2016 - £1,014,620) in relation to normal trading activities.

During the year Leisure & Culture Dundee received from Quest (Scotland) Limited, a company in which L Mason is a director, £700 (2016 - £960) for services provided. At 31 March 2017 Quest (Scotland) Limited owed Leisure & Culture Dundee £Nil (2016 - £Nil).

13 Control

The Members of Leisure & Culture Dundee are Dundee City Council and D.C.C. Nominees Ltd.

The trustees are appointed by the Members and 6 of the 13 trustees of Leisure & Culture Dundee are appointed from the Council (46%) while the other 7 trustees are required to be independent of the Council.

14 Funds

Analysis of movements in funds

	Balance at 1 April 2016 £	Net income/ (expenditure) £	Balance at 31 March 2017 £
Unrestricted funds	886,699	41,877	928,576
Unrestricted pension deficit	(10,170,941)	(7,783,143)	(17,954,084)
Designated funds	1,140,532	(261,407)	879,125
	<u>(8,143,710)</u>	<u>(8,002,673)</u>	<u>(16,146,383)</u>
Restricted funds	628,945	199,549	828,494
	<u>(7,514,765)</u> =====	<u>(7,803,124)</u> =====	<u>(15,317,889)</u> =====

Leisure & Culture Dundee

Notes to the financial statements (continued)

14 Funds (continued)

Analysis of movements in funds (continued)

Unrestricted funds	The 'free reserves' after allowing for all designated funds.
Unrestricted pension deficit	The pension deficit liability (note 11).
Designated funds	Funds for specific approved expenditure on various projects including replacement signage, developing Wi-Fi capacity in Leisure & Culture Dundee facilities, events development, refurbishment costs, implementing the ICT action plan and the Broughty Ferry library extension.
Restricted funds	Analysis of restricted funds is shown in note 15.

Analysis of net assets over funds

	Unrestricted funds £	Designated funds £	Unrestricted pension deficit £	Restricted funds £	Total funds £
Fixed assets	-	325,918	-	-	325,918
Stocks	70,175	-	-	-	70,175
Debtors	1,138,482	-	-	-	1,138,482
Cash	1,615,493	553,207	-	828,494	2,997,194
Creditors	(1,895,574)	-	-	-	(1,895,574)
Pension deficit	-	-	(17,954,084)	-	(17,954,084)
	<u>928,576</u>	<u>879,125</u>	<u>(17,954,084)</u>	<u>828,494</u>	<u>(15,317,889)</u>
	=====	=====	=====	=====	=====

Leisure & Culture Dundee

Notes to the financial statements (continued)

15	Restricted funds		Balance at 1 April 2016 £	Income in year £	Expenditure in year £	Balance at 31 March 2017 £
	Fund	Purpose				
	Cultural services					
	Transport Collection Officer	Transportation	7,069	-	-	7,069
	Acquisition Fund	Display items	237,856	88,983	(41,257)	285,582
	Dundee Dance Day	Dance Day Event	1,538	-	-	1,538
	Scotland Creates	Project	3,337	-	-	3,337
	Commonwealth Ceilidh	Event	1,199	-	-	1,199
	Dundee Fusion Fest	Music Development	870	5,000	(5,278)	592
	Dundee Visual Artist Awards	Music Development Awards Scheme	1,446	11,500	(7,965)	4,981
	Festival of Museums	Event	272	2,400	(2,400)	272
	YMI Development Grant	Music Development	1,854	2,422	-	4,276
	Hogmanay Event	Event	-	1,600	(1,413)	187
	Succession on Planning Project	Cataloguing Collection	3,853	18,345	(22,198)	-
	Angus Moch Project	Cataloguing Collection	2,274	20,366	(22,640)	-
	Soundbase Sessions	Music Development Programme	-	3,645	(3,645)	-
	Light Project Exhibition	Exhibition	-	2,000	(2,000)	-
	Library and information					
	Hard to Reach		12	-	(12)	-
	Dundee in the Great War	Authors can write a children's book on war experiences in Dundee	7,990	-	-	7,990
	Tesco Bank Reading	Purchase books	-	350	(350)	-
	Carried forward		269,570	156,611	(109,158)	317,023

Leisure & Culture Dundee

Notes to the financial statements (continued)

15	Restricted funds (continued)	Purpose	Balance at 1 April 2016 £	Income in year £	Expenditure in year £	Balance at 31 March 2017 £
	Brought forward		269,570	156,611	(109,158)	317,023
	Library and information					
	Dementia Project Great War Dundee	Events celebrating Dundee Great War involvement	845	-	(845)	-
	BOS Community Fund	Community prize for use of on IT equipment for community use	-	7,577	(7,577)	-
	Reader in Residence	Resources for use by Reader in Residence	352	-	-	352
	Read, Write, Count	Library Project	646	-	(300)	346
	ReaDiscover Stock	Project book purchase	5,050	-	(4,992)	58
	Opportunities	Welfare Reform Support	-	400	(400)	-
	Creative Apprentice	Funded Apprenticeship	-	24,443	(24,443)	-
	Macmillan @ Dundee Libraries	Cancer sufferers activities and wellbeing	-	6,000	(3,069)	2,931
	Scottish Reading Strategy Bequests to Dundee Library Services	Reading project for Dyslexia sufferers	-	2,172	(2,172)	-
	Scottish Book Trust Fund	Funding for children's books	-	26,240	(14,714)	11,526
	Carried forward		276,463	237,124	(168,170)	345,417

Leisure & Culture Dundee

Notes to the financial statements (continued)

15	Restricted funds (continued)	Purpose	Balance at 1 April 2016 £	Income in year £	Expenditure in year £	Balance at 31 March 2017 £
	Fund					
	Brought forward		276,463	237,124	(168,170)	345,417
	Leisure and sport					
	Active for Life	Activities	-	12,000	(12,000)	-
	Hockey	Activities	14,878	-	-	14,878
	Eat Well Play Well	Healthy lifestyles	51,550	-	(31,677)	19,873
	Rugby	Activities	12,749	25,000	(25,000)	12,749
	Football	Football development	10,269	30,196	(30,196)	10,269
	Street Football	Youth sports engagement	1,225	21,049	(22,274)	-
	Positive Coaching Scotland		15,710	-	(15,710)	-
	McTaggart Surplus	Property costs to DCC	75,000	-	-	75,000
	Spirit of 2012	Legacy Project	20,565	28,454	(39,990)	9,029
	Move More Macmillan Project	Cancer sufferers activities and wellbeing	8,885	51,760	(51,760)	8,885
	Community Sports Hub Officer	Community engagement	4,914	34,961	(30,458)	9,417
	Growth Mindset	Education	-	22,001	(22,001)	-
	Dundee Disability Sport	Minibus Funding	-	30,000	-	30,000
	Regional Performance Centre	Funding for RPC staffing	-	60,000	-	60,000
	Funding					
	Active Schools	Funding for sporting activities within schools	-	455,337	(455,337)	-
	ParkLives	Outdoor activities funding	-	44,737	(30,540)	14,197
	Playrangers	Outdoor activities funding	-	12,416	(588)	11,828
	Bikeability Project	Promotion of healthy lives through cycling	-	40,966	-	40,966
	Support services					
	Place partnership	Cultural projects & UNESCO City of Design for Dundee	136,737	289,017	(259,768)	165,986
			<u>628,945</u>	<u>1,395,018</u>	<u>(1,195,469)</u>	<u>828,494</u>
			=====	=====	=====	=====

putting quality into life

Leisure & Culture Dundee

Notes to the financial statements (continued)

16 Reconciliation of net (expenditure)/income to net cash (outflow)/inflow

	2017 £	2016 £
Net (expenditure)/income	(7,803,124)	2,025,792
Adjustments for:		
Depreciation	29,740	-
Loss on disposal	3,972	-
Increase in stock	(9,654)	(8,783)
(Increase)/decrease in debtors	(703,247)	80,156
Increase/(decrease) in creditors	407,211	(456,873)
Pension movement	7,783,143	(1,328,675)
Net cash (outflow)/inflow from operating activities	(291,959)	311,617