

REGISTERED COMPANY NUMBER: 9204269 (England and Wales)
REGISTERED CHARITY NUMBER: 1154831

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE PERIOD 1 APRIL 2015
TO 31 MARCH 2016
FOR
SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

THURSDAY



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SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

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FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

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SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

CHAIR'S REPORT

We are delighted to report that the first year of South Downs Leisure Trust has been a success. It was a year of significant change and challenge for both staff and trustees. The Trust is building on what was a strong Council leisure department which has provided the framework for the new organisation.

The success of this first year are down to the huge effort and support of all the staff team. We have also been fortunate and grateful for the on-going support of the Council. Most importantly, we hope and believe that the change from a Council to a Trust service has been seamless for all of our many customers.

Over the first year we have worked to develop strong and robust systems of governance for the Trust. During this period we have produced a surplus of £416,000 which was £318,000 ahead of the anticipated budget figure. This has allowed us to build up a risk reserve whilst continuing to invest in our facilities.

During 2015/16 we saw a number of large projects take place which included:

- £132,000 on a new car park at Field Place (funded by Worthing Borough Council).
- £30,000 of new Fitness Equipment at Splashpoint.
- £57,000 spent on a Pool View System to improve customer safety.
- £50,000 investment on new outdoor courts at Davison Leisure Centre (funded by Worthing Borough Council).

In 2016/17 we will see significant planned development and investment within our facilities in the following areas:

- £200,000 on Fitness & Changing room refurbishment.
- £165,000 on Sport Hall and Studio flooring, lighting and decoration.
- £120,000 on our hot water pipe system (funded by Worthing Borough Council).

We were successful with a funding application for £70,000 from Badminton England. Worthing Council are also contributing to the Sports hall project and the hot water pipes with a combined total of £205,000.

We continue to develop new partnerships which have included Dementia Friends to provide training for our staff and make our organisation Dementia friendly by July 2017. We have worked closely with the Sussex Wildlife Trust to provide activities on our Holiday scheme and continue to develop a relationship with the South Downs National Park.

During 2016 we will be facilitating and helping to develop a Worthing Food and Greenspace Festival with a range of local community groups and organisations. We are keen to support initiatives and events that are important to communities in Worthing.

As has been mentioned, our achievements during the course of this last year in setting up and running the new Trust could not have been achieved without the support and efforts of a hard working professional staff team. They are at the centre of the Trusts future. We will continue to invest in their training and development through:

- An increased training budget
- Educare - an online learning portal
- Train 15 staff in mentoring and commence a mentoring programme
- Introduce a learning at work week to help combat with the stresses and strains on daily work.

Finally, over the coming months and years we will look at how we might strengthen and broaden the services and activities we provide. There are of course considerable challenges ahead. We now have more wedding venues than ever in Worthing with two budget gym clubs arriving in 2016 and other leisure facilities planned over the next five years which will all impact on the Trust. However, there are also many opportunities. We strongly believe that our focus on quality, customer care, providing a broad range of activities and supporting our local community is the right way forward.

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REPORT OF THE TRUSTEES
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The Trustees who are also Directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statement for the period ending 31 March 2016.

REFERENCE & ADMINISTRATIVE DETAILS

Name of Charity

South Downs Leisure (SDL)

Name of subsidiary

South Downs Leisure Enterprise (SDLE)

Registered company number

SDL 9204269

SDLE 9261501

Registered charity Number

1154831

Registered Office

Field Place, The Boulevard, Worthing, West Sussex, BN13 1NP

Telephone & Website

01903 905050

www.southdownsleisure.co.uk

Auditors

McCabe Ford Williams

Statutory Auditors and Chartered Accountants

Bank Chambers, 1 Central Avenue, Sittingbourne, Kent, ME10 4AE

Bankers

Lloyds Banking Group

City Office

PO Box 72, Bailey Drive, Gillingham Business Park, ME8 0LS

Solicitors

Joanna Bussell

Winckworth Sherwood

Minerva House, 5 Montague Close, London, SE1 9BB

Trustees

	Appointed	Resigned
J Le Seuer	5 th Feb 2015	
J Garner	5 th Feb 2015	
Z Smith	5 th Feb 2015	
D Fleming	5 th Feb 2015	
G Jackson	5 th Feb 2015	
K von Habsburg	5 th Feb 2015	
J Lawrence Hall	5 th Feb 2015	
S Smith	3 rd Nov 2015	
D Guest	9 th Feb 2016	
L Murphy	5 th Feb 2015	3 rd Nov 2015
L Proudfoot	5 th Feb 2015	10 th May 2016
J Gleeson	5 th Feb 2015	18 th Aug 2016

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REPORT OF THE TRUSTEES
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REFERENCE & ADMINISTRATIVE DETAILS - continued

Lionel Harman became a Local Authority trustee in July 2016, replacing Luke Proudfoot.

At the AGM on 10th May 2016, Jerry Le Seuer stepped down as Chair along with James Garner and Zoe Smith as Vice Chairs. The new Chair from 10th May 2016 is Zoe Smith with David Fleming and Jerry Le Seuer as Vice Chairs.

STRUCTURE, GOVERNANCE AND MANAGEMENT

South Downs Leisure is a company limited by guarantee and was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

Charitable status was applied for following the incorporation of the Trust on 4th September 2014 and was awarded shortly after the Trust commenced trading on 1st May 2015.

Recruitment & Appointment of Trustees

Unless otherwise determined by the Company, The Board shall consist of at least three and not more than eleven individuals comprised as follows:

- Up to 8 Community Trustees
- Up to 2 Local Authority Trustees
- Up to One Employee Trustee

Provided always that the community Trustees shall at all times be in the majority.

Recruitment of new Community Trustees will be subject to general advertisement and approval of the Board in accordance with the Articles of Association. Any such advert will highlight relevant skills and experience that are deemed appropriate to compliment the current Board. No Community Trustees will be required to retire for the first three years but after this period in 2018 one third of the Community Trustees shall reviewed annually on a rolling basis.

Recruitment of the Employee Trustee shall be appointed by the employees of the company in accordance with an employee election procedure agreed by the Board.

The first Employee Trustee was appointed by the Senior Management Team in accordance with the Articles of Association. This appointment is a three year fixed term.

The Local Authority shall nominate up to two individuals to the Board and decide their period of appointment.

The Local Authority will confirm its nominations and period of appointment in writing to the Chair of South Downs Leisure.

Organisational Structure

The current Board consists of eight community Trustees all local residents within the Borough and recruited from a variety of different professions and disciplines.

Jerry Le Sueur became Chair of the Trust with Zoe Smith and James Garner acting as Vice Chairs.

We had three sub groups with the following Trustee/Director representation:

Finance

Gillian Jackson, Jerry Le Sueur, David Fleming

HR

Zoe Smith, Joanne Lawrence Hall

REPORT OF THE TRUSTEES
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

Organisational Structure (continued)

Enterprise

Joanne Lawrence Hall, Kris Von Habsburg, Duncan Anderson

We held the following meetings for the period ending 31st March 2016

- 5 x Board Meetings
- 6 x Finance Meetings
- 2 x HR Meetings
- 1 x Enterprise Meeting

To facilitate the effective operation of the Charity the Board has delegated the responsibility of administering the Charity to a Senior Management team.

Chief Executive Officer
Director of Finance
Director of Business Development
Director of Operations
Human Resources Manager

Risk Management

The Trustees have a duty to identify and review the risks to which the Charity is exposed and ensure appropriate controls are in place. A Risk report is part of each Board agenda.

The following initiatives have been implemented to reduce risk and improve risk management.

- A Risk report at each board meeting
- A SWOT analysis on the business and we have identified weaknesses and threats with an action plan to minimise the risks and threats.
- We have a calendar of audits which include Health & Safety, Financial, performance and Food & Beverage audits.
- We conduct Net Promoter Score surveys and Mystery Visits with customers to ensure we delivering our service to expectation.
- We are affiliated to the Quest Scheme to maintain high standards across all sections of our business.

Health and Safety

South Downs leisure is committed to embedding a culture of proactive health and safety management throughout the organisation. The Operations Director oversees regular cross-site meetings with the Facility Managers and each site has an appointed NEEBosh representative in this area supported by IOSH trained duty staff. All staff receive mandatory H and S training as part of their induction process.

Accident reporting as below:

SDL retains the services of Right Directions; a recognized industry leader in the Health and Safety field. This provides us with up-to-date health and safety information and changes in legislation, together with a calendar of audits, advice and support in respect of litigation claims.

Continuous Improvement

A key to the success of SDL is in the desire to improve, reinvest and be at the forefront of new initiatives. We actively support CIMSPA membership (the Chartered Institute for the Management of Sport and Physical Activity) and the external assessment process "Quest" which is the sport and leisure industry quality accreditation to ensure that operators enhance, improve and continue to develop the quality of service offered.

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REPORT OF THE TRUSTEES
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Organisational Structure - continued

Continuous Improvement - continued

We have achieved "good" results at Worthing Leisure Centre and Splashpoint. Both Field Place and Davison Leisure Centre successfully entered the scheme in 2015 and will be looking to reach the same standard in their first full assessment.

In addition to Quest, SDL undertake a number of internal and external audits to benchmark against the sector, past performance and also to set performance targets for a number of areas of the business, these include quarterly telephone monitoring, mystery sales calls, quality audits, health and safety audits, food hygiene inspections and senior management audits

Customer Satisfaction

SDL recognises that the customer is at the heart of the business and continually monitors satisfaction ratings using the Net Promoter Score system.

NPS is a management tool that can be used to gauge the loyalty of an organisation's customer relationships. It serves as an alternative to traditional customer satisfaction research and NPS has been adopted with more than two thirds of Fortune 1000 companies as well as many of the leisure trusts and other providers.

NPS is calculated based on responses to a single question: *How likely is it that you would recommend our company/product/service to a friend or colleague?* The scoring for this answer is most often based on a 0 to 10 scale.

Those who respond with a score of 9 -10 are called Promoters, those who respond with a score of 0 to 6 are labelled Detractors. Responses of 7 and 8 are labelled Passives.

The Net Promoter Score is calculated by subtracting the percentage of customers who are Detractors from the percentage of customers who are Promoters.

In 2015/16 900 members were surveyed. The results below:

2015/ 2016	Takers	Promoters	Detractors	NPS
WLC NPS	332	55%	19%	36%
SP NPS	568	40%	23%	17%
SDL NPS	900	46%	22%	24%
Industry (SE)	37142	50%	27%	23%
Industry (UK)	200621	53%	18%	35%

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the charitable company are:

- To provide or assist in the provision of both indoor and outdoor facilities in the interests of social welfare for recreation or other leisure time occupation of individuals who have need of such by reason of their youth, age, infirmity or disability, financial hardship or social circumstances or to the public at large with the object of improving their conditions of life, and/or
- To promote community participation in healthy recreational activities, and/or
- To provide or assist in the provision of community facilities to be available to all sections of the community without distinction, including use for meetings, lectures and classes and/or other forms of recreation and leisure time occupation with the object of improving the condition of life for all those who use the facilities, and/or
- To promote the education of the public through the provision of facilities for performing arts, and/or
- Such other charitable purposes as the Trustees in their absolute discretion may determine..

REPORT OF THE TRUSTEES
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

OBJECTIVES AND ACTIVITIES (continued)

Public benefit

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. We have referred to this guidance when reviewing our business plan and planning new activities for the future

Our Vision and Mission

The Trust established a Vision, Mission Statement and values which were outlined in the five year business plan 2015-2020 for South Downs Leisure. Our Vision is very much along the lines of the national agenda of ukactive to get More People, More Active, More Often.

The Mission Statement develops the manner in which the Vision will be delivered: to provide a clean, safe and happy leisure experience for all visitors to South Downs Leisure sites or activities for the benefit of their health and social wellbeing. We will achieve this through investment in our staff and good policies and practices.

A Strong Board

Selection and recruitment of the board was planned with a clear vision to provide a good range of interested articulate and passionate volunteers with a strong mix of experience, age and gender. The successful recruitment culminated in 8 community trustees with a blend of professional backgrounds in finance, legal, Leisure, Public Health and Food & Beverage.

Over the past year the Board has developed a deepening understanding of the aims and objectives of the Trust and provide strong, but challenging support and governance. Although not a requirement, all the Trustees are currently residents of the Borough.

Reserves

Surpluses on trading and charitable activities will be transferred to a risk reserve and improvement reserve. After the accumulation of 50% of £560k into the risk reserve, then the Trust shall transfer up to £100,000 of any surplus generated into a designated account, the Improvement Reserve.

In the event that the Trust meets the agreed Risk Reserve target of £560,000 and after £100,000 has been transferred into the Improvement Reserve and the Risk Reserve target has been maintained for a continuous period of 3 months, then 50% of any additional surplus generated by the Trust in any Service Year shall be shared with Worthing Borough Council.

The first year of trading has resulted in £305,283 being transferred into the risk reserve and £100,000 into the Improvement Reserve. The coming year budgets for a further £180k surplus which will be transferred to these reserves.

Unrestricted funds are donations and other income received for charitable purposes.

Designated funds are unrestricted funds earmarked by trustees.

Restricted funds are for specified purposes laid down by a donor.

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REPORT OF THE TRUSTEES
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OBJECTIVES AND ACTIVITIES (continued)

Senior Management Team

The Senior Management team of four is led by the Chief Executive and includes Three Directors. A Financial Director, Operations Director and Business Development Director. The Directors manage a team of staff that sit on SMT to include four Facility Managers, Group Fitness Manager, Group Sales Manager, Group Marketing Manager and a HR Manager.

Each of these managers sit on various sub groups that deliver the business and feed back into the business plan. These sub groups are:

- Finance
- Staff Development
- Events
- Weddings
- Health & Wellbeing
- Maintenance
- Environment and sustainability
- FIT4
- IT
- Food & Beverage
- Health & Safety

Training

We are committed to understanding the sector we operate in and the local and national agenda. To achieve this we must ensure staff have every opportunity to attend conferences and seminars and attend Continuous Professional Development courses.

We have committed to funding CIMSPA membership which is our Chartered Institute and the Chief Executive is also a long term Secretary of South East Leisure Centre Operators networking group.

We have also linked up with Educare to provide online courses for new and current staff with over 150 licenses.

The Board agreed to increase the training budget by 25% to reinforce its commitment to training and show how they value the staff.

We are committed to maintaining this budget for the future and looking at introducing a mentoring scheme for staff and some management training.

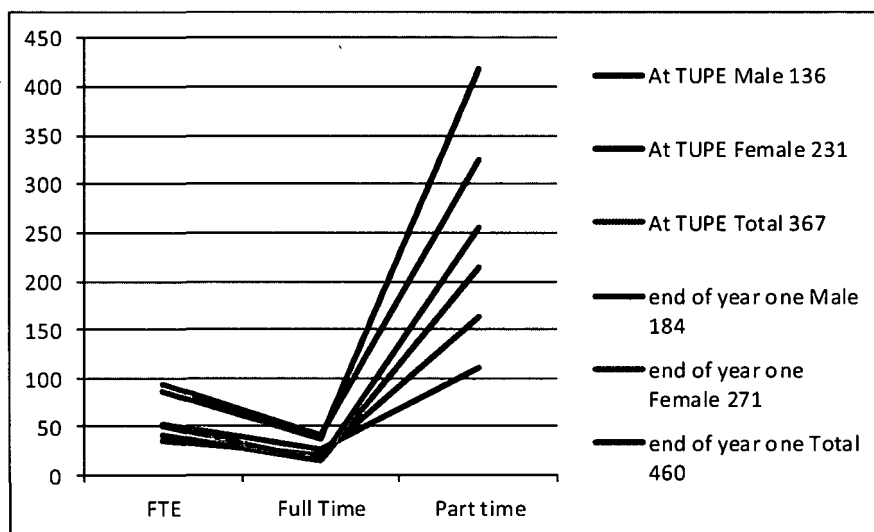
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REPORT OF THE TRUSTEES
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OBJECTIVES AND ACTIVITIES – continued

Workforce Make up

The total workforce at the time of TUPE was 367 employees. This has risen by 25% to 460 total employees in the first year. There are a number of explanations for this; we have grown the Group Exercise Instructor team as they were self-employed at the time of TUPE. There were also a number of employees who were incorrectly classified as casual by the Council and so were not TUPE'd over automatically. This has been corrected and people have been recruited directly into South Downs Leisure.



Disability

We have been awarded recognition on the 2 ticks disability scheme and ask all candidates at the time of application to ensure that we guarantee them interviews if they meet the essential criteria when shortlisting.

We have both the Employee Assistance Scheme and a contract with an Occupational Health Service through Portsmouth Hospital to support both people with Long Term Sickness and Disabilities as well as employees who are caring for family members with Disabilities.

All Staff
5

Male
1

Female
4

We are aware of other employees who could fall under the criteria of disability with regards to the Equality Act 2010 but only 5 people have completed this on their personal details form.

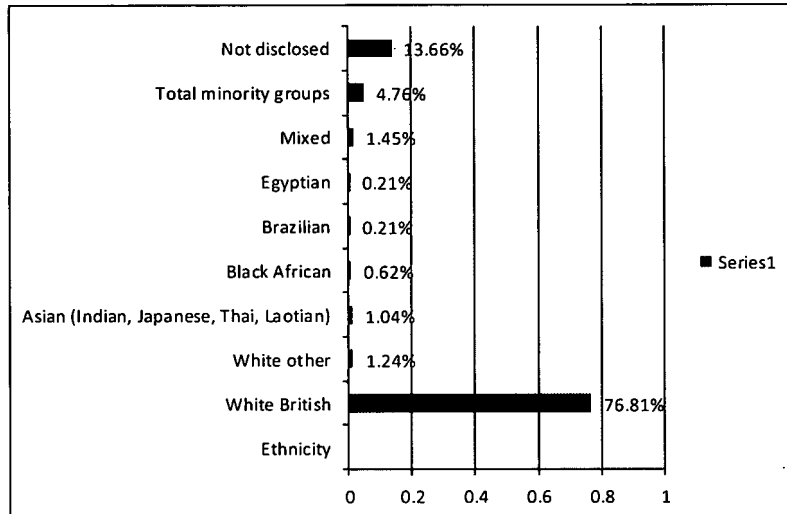
SOUTH DOWNS LEISURE
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REPORT OF THE TRUSTEES
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OBJECTIVES AND ACTIVITIES – continued

Ethnicity

The makeup of the workforce is as shown below.



When comparing this to the Census data held for Worthing in 2011, the largest group was recorded as White British at 89.4% and Ethnic Minorities recorded as 10.6%. We do have 10% of our employees who do not live within Worthing but commute to work so it is difficult to match the staff demographic to the Census data purely held for Worthing.

We have an equalities policy and staff undertake training on Educare as part of their induction training on equalities and Diversity.

Financial Review

A key priority for the Trust was to achieve its budget figure and build up the Risk Reserve as quickly as possible. The Trust was granted a 25 year management agreement which was broken down into five year funding agreements. By the end of year five the Trust were anticipating achieving a Risk Reserve of £560,000.

The first year was a great success with the Trust being able to put £305,283 into the Risk Reserve and £100,000 in a Business Improvement Reserve.

The prudent approach to financial management in the period of this report has been monitored and supported by the Financial Sub Group and the Board.

On 1st May 2015 we closed our Local Government Pension Scheme to new staff joining South Downs Leisure. Worthing Borough Council has indemnified the pension scheme and restricted the Trusts contributions to a defined level for continuing members. As a result of this we do not have any pension scheme liabilities.

REPORT OF THE TRUSTEES
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Financial Review – continued

Income

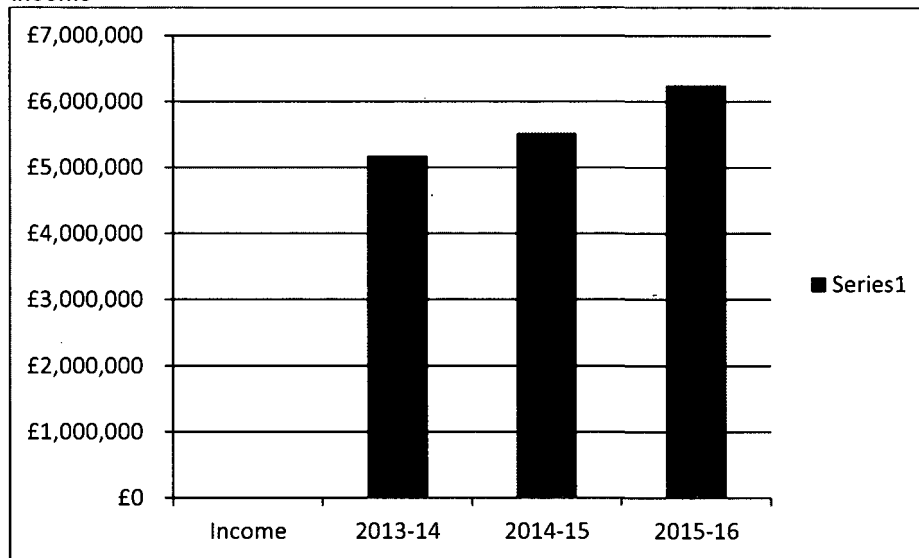


Fig1 shows the income year on year. 2013-2015 we were a council DSO

One of our key targets is to maintain staff costs against income to stay below 54%. Again 2013-2015 was when we were under council operation.

Staff cost as % of Income

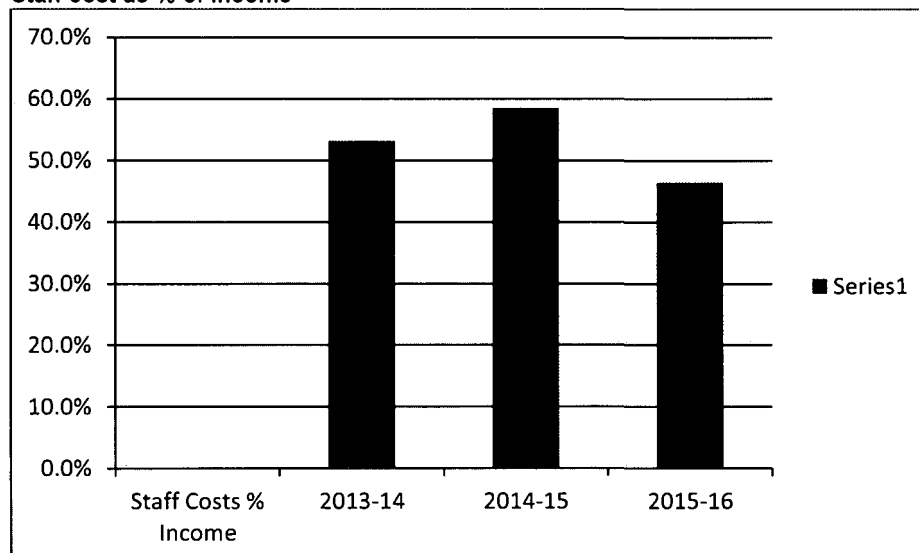


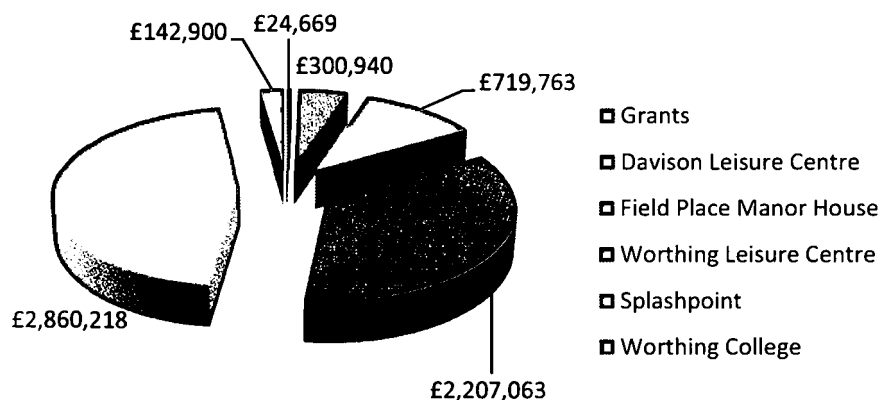
Fig 2 shows staff costs as a % of income. None of the figures include head office costs.

REPORT OF THE TRUSTEES
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

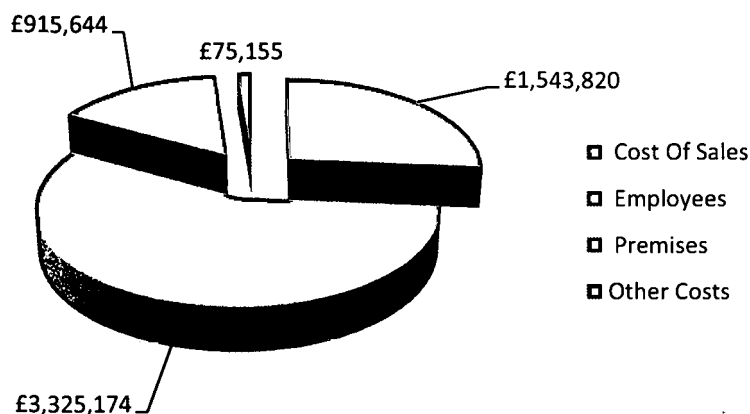
Financial Review – continued

Our first period of trading has been a tremendous success. The period only covered 11 months as we started trading on 1st May but decided to revise our year end to end on 31st March from now on. Below is an outline of what sites our income came from and what it was spent on.

**Where our income came from in
2015-16**



**What The Money Was Spent On in
2015/16**



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REPORT OF THE TRUSTEES
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Plans for the future

We have established a structure that will allow us to develop the Trust and potentially grow in future years. We have looked at various facilities within the borough of Worthing and will not exclude opportunities outside this area if geographically positioned to allow us to manage the facilities efficiently and effectively.

We have also started the very early stages of looking at the refurbishment or rebuild of our large dryside facility, Worthing Leisure Centre.

Accountable and Transparent

The work of the Trust sits entirely in the public domain and through its values, Club and customer focus groups, surveys & feedback mechanisms it strives to engage with all interested parties. The Business Plan and objectives are published and subject to public scrutiny.

The Trust reports to Worthing Borough Council on a quarterly basis on performance against the agreed key performance indicators.

We have also delivered a campaign during 2015-16 on the charitable status of the Trust and its impact on the local community along with all the great initiatives that are taking place, however this remains a message that still requires some development and a push.

Performance & Charitable Activities

The Trust set up five key performance indicators (KPI's) for 2015-16.

- Secure our user base of 1.5m visits
We achieved 1.527m visits to our sites in 2015-16
- Maintain wedding functions above 75 weddings per annum
We had 80 weddings booked in for 2015-16
- Maintain an average of 9,900 FIT4 members
Our membership averaged out at 10,300 for the year
- Increase swimming lessons to 1600 per week by the end of 2016
Swimming lessons increased to 1850 per week
- Continue to deliver in conjunction with the Council the Exercise referral scheme
We have continued to operate this despite vastly reduced funding
- Promote Physical activity and support the following:
 - Waterfront festivals
We promoted and supported the WBC Velodrome event on the seafront
 - Sportive
We were not able to start a Sportive in Worthing but have managed to support a new Worthing parkrun
 - Marathons
We continue to support the Three Forts Marathon over the South Downs
 - Carnivals
During 2015-16 we took part in the Worthing and Littlehampton carnivals

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REPORT OF THE TRUSTEES
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Performance & Charitable Activities - continued

Disabled Access Day

Customers were given the opportunity to come and try out a variety of sports from sound football to wheelchair tennis. We also held a rugby open day to coincide with the Rugby World Cup in 2015.

Environmentally focused activity

We have established excellent relations with the Sussex Wildlife Trust, further expanding our reach and integrating the surrounding natural environment into our programme. Projects undertaken as a consequence included Wild Beach which gave kids the chance to explore the seafront with fun, games and environmentally focused challenges.

Additionally, work with Sustainable Sussex expanded with partnerships extending to the over 50's undertaking works such as gardening and woodworking.

Walking Sports

Walking sports include both football and netball with football having increased significantly in popularity. As a consequence, SDL have established the only league in the county with The South Downs Sharks (our in-house team) fighting for that top spot on the leader board!

Public Health West Sussex

We have been working with Public Health to ensure we align campaigns. New activities include increased participation in initiatives such as the 10 minute shake up – Disney inspired 10 minute work-outs for kids. Additionally, we will be investigating healthier options within our cafes and vending machines.

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REPORT OF THE TRUSTEES
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STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of South Downs Leisure for the purposes of company law) 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).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. 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 Charity 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 charitable company will continue in business.

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

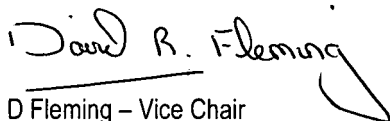
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

ON BEHALF OF THE BOARD:



J Le Sueur - Chair



D Fleming – Vice Chair

Date: 22nd November 2016

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

We have audited the financial statements of South Downs Leisure for the period ended 31 March 2016 on pages sixteen to twenty nine. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective 01 January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page thirteen, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial period for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.



Clair Rayner FCA, DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
ME10 4AE

Date: 22 November 2016

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT AND
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds £
INCOME AND ENDOWMENTS				
FROM:				
Donations & Legacies	2	128,886	-	128,886
Charitable activities				
Operation of leisure centres	3	5,717,558	31,696	5,749,254
Total income and endowments		5,846,444	31,696	5,878,140
EXPENDITURE ON				
Charitable activities				
Operation of leisure centres	4	5,440,999	21,398	5,462,397
Total expenditure		5,440,999	21,398	5,462,397
Net income for the period before transfers		405,445	10,298	415,743
Transfers between funds	17	(162)	162	-
Net movement in funds		405,283	10,460	415,743
RECONCILIATION OF FUNDS				
Total funds brought forward	17	-	-	-
TOTAL FUNDS CARRIED FORWARD		405,283	10,460	415,743

CONTINUING OPERATIONS

All incoming resources and resources expended arose from acquired activities which commenced on 1 May 2015.

The notes form part of these financial statements


SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AT 31 March 2016

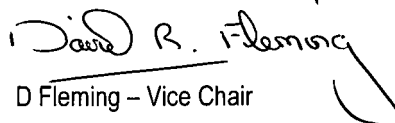
			Total Funds £	Total Funds £
	Notes			
FIXED ASSETS				
Intangible assets	9			43,641
Tangible assets	10			296,410
Investments	11			<u>1</u>
				340,052
CURRENT ASSETS				
Stocks	12	42,157		
Debtors	13	486,817		
Cash at bank and in hand		<u>709,979</u>		
		1,238,953		
CREDITORS				
Amounts falling due within one year	14	<u>(926,316)</u>		
NET CURRENT ASSETS				<u>312,637</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				652,689
CREDITORS				
Amounts falling due after more than one year	15			(236,946)
NET ASSETS				<u>415,743</u>
FUNDS	18			
Unrestricted funds				-
Designated funds				405,283
Restricted funds				<u>10,460</u>
TOTAL FUNDS				<u>415,743</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective 01 January 2015).

The financial statements were approved by the Board of Trustees on 22nd November 2016 and were signed on its behalf by:



J Le Sueur - Chair



D Fleming - Vice Chair

Company Registered Number: 9204269, Charity Registered Number: 1154831

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

CASH FLOW STATEMENT
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

		31.3.16
	Notes	£
Cash flows from operating activities:		
Cash generated from operations	1	<u>797,885</u>
Net cash provided by operating activities		<u>797,885</u>
Cash flows from investing activities:		
Interest paid	2	(6,751)
Purchase of tangible fixed assets	2	<u>(81,155)</u>
Net cash (used in) investing activities		<u>(87,906)</u>
Change in cash and cash equivalents in the reporting period		<u>709,979</u>
Cash and cash equivalents at the end of the reporting period		<u><u>709,979</u></u>

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE CASH FLOW STATEMENT
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.3.16
	£
Net income for the reporting period (as per the statement of financial activities)	415,743
Adjustments for:	
Depreciation charges	91,071
Interest paid	6,751
(Increase) in stocks	(42,157)
Increase in debtors	(486,816)
Increase in creditors	<u>813,293</u>
Net cash provided by operating activities	<u>797,885</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.15
	£
Returns on investments and servicing of finance	
Interest paid	<u>(6,751)</u>
Net cash (outflow) for returns on investments and servicing of finance	<u>(6,751)</u>
Capital expenditure	
Purchase of tangible fixed assets	(81,155)
Net cash outflow for capital expenditure	<u>(81,155)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

1. ACCOUNTING POLICIES

Accounting convention

The financial statements of the charitable company, which is a public benefit entity, have been prepared in accordance with the Charities SORP (FRSSE) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015)', Financial Reporting Standard for Smaller Entities (effective 1 January 2015) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Company status

The charity is a company limited by guarantee.

Preparation of consolidated financial statements

The financial statements contain information about South Downs Leisure as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 383 of the Companies Act 2006 from the requirements to prepare consolidated financial statements due to the group as a whole qualifying as a small group.

Incoming resources

All incoming resources from recreation and leisure sites are included on the Statement of Financial Activities when the charitable company is legally entitled to the income and the amount can be quantified with reasonable accuracy. Income represents net sales of goods and services excluding value added tax, to customers during the year. Certain income is received in advance of the provision of the relevant service and as such is deferred until the service commences. Some services are provided in advance of an invoice being raised and the associated income is therefore accrued until the invoice has been raised and the income recognised on the Statement of Financial Activities. Income for annual memberships is accounted for over the membership year.

Grants

Grants receivable in respect of a specified period relating to the general activities of the charitable company are recognised in the Statement of Financial Activities in the period in which they become receivable. Where related expenditure has not been incurred the grant is deferred only when the donor has imposed restrictions on the expenditure of resources which amount to pre-conditions for use.

Resources expended

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

Allocation and apportionment of costs

Charitable activities are those costs incurred directly in the running of each of the recreation and leisure sites. Charitable activities are split into leisure activities, which are those costs incurred directly in the running of each of the sites, and support costs which are those costs incurred directly in support of expenditure on the objects of the charitable company. Governance costs are those incurred in the governance of the charitable company and its assets and are primarily associated with constitutional and statutory requirements.

Taxation

The Charitable Company is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

1. ACCOUNTING POLICIES - continued

Fund accounting

Unrestricted funds are incoming resources receivable or generated for the objects of the charitable company without further specified purpose and are available as general funds or designated funds, which are set aside by the trustees for a specific purpose.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the funds.

Tangible fixed assets

Fixed assets costing in excess of £5,000 are shown in the financial statements at cost including irrecoverable VAT in respect of these assets. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and Fittings	- straight line over 5 years
Exercise Equipment	- straight line over 5 years
IT, Audio & Visual Equipment	- straight line over 5 years

Intangible fixed assets

Intangible fixed assets are shown in the financial statements at cost including irrecoverable VAT. Amortization is provided at the following annual rates in order to write off each asset over its useful life.

Computer software	- straight line over 5 years
-------------------	------------------------------

Service Concession Arrangements

The charitable company has a Service Contract with Worthing Borough Council for the operation of leisure centres owned by the Council to which it has lease and management service contracts. Worthing Borough Council has rights under the contracts to specify the activities offered by the centres and has influence over the prices charged for them and specifies minimum standards for the services to be provided.

Property, plant and equipment

The buildings and plant at the centres are leased to the charitable company as part of the overall contractual relationship with Worthing Borough Council but the Council maintains ultimate control of these assets. Accordingly the access which the charitable company has in the use of these assets is to enable it to operate the leisure centres, so that the charitable company can provide the public service it is contracted to provide, not to effectively own these public service assets. These assets are therefore not recognised on the charitable company's Balance Sheet.

Payments

The charitable company makes an agreed payment to Worthing Borough Council each year in recognition of the assets acquired by the charitable company from the Council at the beginning of the contract period.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to sell, on a first-in-first-out basis, after making due allowance for obsolete and slow moving items.

Hire purchase and leasing commitments

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

1. ACCOUNTING POLICIES – continued

Debtors receivable and creditors payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Debtors receivable and creditors payable over one year

Debtors and creditors are stated at value due as an appropriate interest/discount rate is effectively applied.

Irrecoverable VAT

Given the nature of the Charitable Company's activities it attracts exempt supplies, which results in the Charitable Company falling under the partial exemption scheme. Input VAT is fully recovered on taxable supplies, together with a proportion of non attributable input VAT. Irrecoverable VAT is written off to the Statement of Financial Activities.

Pension costs and other post-retirement benefits

In respect of those defined benefit pension schemes where the local authority has indemnified the Society against changes in the employer contribution rate and any liability which may become payable as a result of the termination or expiry of a contract, the amount charged to the statement of financial activities represents the contribution payable to the scheme in the accounting period without any actuarial adjustment.

Contributions to defined contribution pension schemes are charged to the Statement of Financial Activities as incurred.

Going Concern

The board of management have assessed the major risks to which the charitable company is exposed and assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The board of management make this assessment in respect of a period of one year from the date of approval of the financial statements. The charitable company has adequate financial resources together with customers and strategic parties to continue trading at current levels. As a consequence the board believe that the charitable company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The board have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

2. DONATIONS AND LEGACIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Donations	<u>128,886</u>	<u>-</u>	<u>128,886</u>
Donation from South Downs Leisure Enterprise Limited.			

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Operation of leisure centres	<u>5,717,558</u>	<u>31,696</u>	<u>5,749,254</u>
Total	<u>5,717,558</u>	<u>31,696</u>	<u>5,749,254</u>

4. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
Summary by fund type			
Operation of leisure centres	<u>5,440,999</u>	<u>21,398</u>	<u>5,462,397</u>
Total	<u>5,440,999</u>	<u>21,398</u>	<u>5,462,397</u>

	Staff costs 2016 £	Direct costs 2016 £	Support costs 2016 £	Total costs 2016 £
Summary by expenditure type				
Operation of leisure centres	<u>3,185,551</u>	<u>1,850,883</u>	<u>425,963</u>	<u>5,462,397</u>
Total	<u>3,185,551</u>	<u>1,850,883</u>	<u>425,963</u>	<u>5,462,397</u>

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

5. SUPPORT COSTS

	£
External support services	255,896
Premises expenses	11,000
Advertising & marketing	71,661
Office administration	34,245
Consultancy	8,463
Training	22,615
Finance costs	6,751
Governance costs	10,930
Other support costs	4,402
	<u>425,963</u>

6. GOVERNANCE COSTS

	£
Auditors' remuneration	7,750
Auditors' remuneration for non-audit work	2,000
Legal & professional fees	1,180
	<u>10,930</u>

7. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	£
Hire of equipment	83,140
Depreciation	80,160
Amortisation	10,910
Auditors' remuneration	7,750
Auditors' remuneration for non-audit work	2,000

Board of management remuneration

-

The number of members of the board of management to whom retirement benefits were accruing was as follows:

Defined benefit schemes

-

No member of the board of management received any allowance for attendance.

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

8. STAFF COSTS

	£
Wages and salaries	2,695,049
Social security costs	99,681
Pension costs	390,821
	<u>3,185,551</u>

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

Senior management	5
Leisure activities	365
Support	7
	<u>377</u>

The average monthly number of employees, expressed as full time equivalents, during the period was as follows:

Senior management	5
Leisure activities	161
Support	4
	<u>170</u>

Details of employees earning in excess of £60,000 (pro-rata):

60,000 - 70,000	1
-----------------	---

The number of employees earning in excess of £60,000 (pro-rata) to whom retirement benefits are accruing:

1

The total amount of employee benefits received by key management personnel is £265,121. The charitable company considers its key management personnel to be the Chief Executive, Finance Director, Operations Director, HR Manager and the Business Development Director.

9. INTANGIBLE FIXED ASSETS

	Computer Software £	Totals £
COST		
Additions	<u>54,551</u>	<u>54,551</u>
At 31 March 2016	<u>54,551</u>	<u>54,551</u>
DEPRECIATION		
Charge for period	<u>10,910</u>	<u>10,910</u>
At 31 March 2016	<u>10,910</u>	<u>10,910</u>
NET BOOK VALUE		
At 31 March 2016	<u>43,641</u>	<u>43,641</u>

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

10. TANGIBLE FIXED ASSETS

	Equipment, plant & machinery	Fixtures and fittings	IT, audio and visual equipment £	Totals £
COST				
Additions	<u>234,936</u>	<u>48,158</u>	<u>93,476</u>	<u>376,570</u>
At 31 March 2016	<u>234,936</u>	<u>48,158</u>	<u>93,476</u>	<u>376,570</u>
DEPRECIATION				
Charge for period	<u>50,074</u>	<u>9,632</u>	<u>20,454</u>	<u>80,160</u>
At 31 March 2016	<u>50,074</u>	<u>9,632</u>	<u>20,454</u>	<u>80,160</u>
NET BOOK VALUE				
At 31 March 2016	<u>184,862</u>	<u>38,526</u>	<u>73,022</u>	<u>296,410</u>

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
MARKET VALUE	
Additions	<u>1</u>
NET BOOK VALUE	
At 31 March 2016	<u>1</u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

South Downs Leisure Enterprises Limited

Nature of business: The operation of an events venue

Class of share:	%
Ordinary	holding 100

	31.3.16
	£
Aggregate capital and reserves	13,207
Profit for the year	<u>13,206</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

12. STOCKS

	£
Stocks	<u>42,157</u>

Stock amounts recognised as expenditure within the current period: £192,168

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade debtors	70,277
Other debtors	39,129
Amounts owed by group undertakings	350,906
Prepayments and accrued income	<u>26,505</u>
	<u>486,817</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade creditors	128,093
Social security and other taxes	62,602
Other creditors	214,787
Deferred income	110,040
Accrued expenses	329,246
Worthing Borough Council	<u>81,548</u>
	<u>926,316</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£
Worthing Borough Council	<u>236,946</u>
	<u>236,946</u>

16. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Other operating leases
	31.3.16
	£
Expiring:	
Within one year	5,885
Between one and five years	<u>59,799</u>
	<u>65,684</u>

SOUTH DOWNS LEISURE
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	31.12.16 Total funds £
Fixed assets	340,052	-	340,052
Current assets	1,226,983	11,970	1,238,953
Current liabilities	(924,806)	(1,510)	(926,316)
Long term liabilities	(236,946)	-	(236,946)
	<u>405,283</u>	<u>10,460</u>	<u>415,743</u>

18. MOVEMENT IN FUNDS

	At 01.05.15 £	Net movement in funds £	Transfers between funds £	At 31.3.16 £
Unrestricted funds				
Unrestricted funds	-	405,445	(405,445)	-
Designated funds	-	-	405,283	405,283
Restricted funds	-	10,298	162	10,460
TOTAL FUNDS	<u>-</u>	<u>415,743</u>	<u>-</u>	<u>415,743</u>

During the period, £162 was transferred from the General Fund to Restricted Funds to cover the excess of expenditure over income in the Sportivate Football Fund.

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains, losses & transfers £	Net movement in funds £
Unrestricted funds				
General fund	5,846,444	(5,440,999)	(380,162)	25,283
Designated funds	-	-	380,000	380,000
TOTAL UNRESTRICTED FUNDS	<u>5,846,444</u>	<u>(5,440,999)</u>	<u>(162)</u>	<u>405,283</u>

Designated funds

The Trustees have in accordance with the funding agreement designated £305,283 of unrestricted funds for the risk reserve and £100,000 of funds for building improvements.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE PERIOD 1 APRIL 2015 TO 31 MARCH 2016

	Incoming resources £	Resources expended £	Gains, losses & transfers £	Net movement in funds £
Restricted funds				
Big Lottery Over 50s Grant	9,960	(3,927)	-	6,033
Sportivate Rugby	501	(51)	-	450
Sportivate Football	318	(480)	162	-
Football Mash Up	800	-	-	800
Exercise Referrals	10,917	(10,917)	-	-
Disability Holiday Programme	9,000	(6,023)	-	2,977
SFS Disability Sessions	200	-	-	200
TOTAL RESTRICTED FUNDS	31,696	(21,398)	162	10,460

Big Lottery Over 50s Grant

Funding from the Big Lottery to encourage the community's over 50s to get together and get active.

Sportivate Rugby

A Big Lottery funded project to encourage more young people to take part in rugby.

Sportivate Football

A Big Lottery funded project to encourage more young people to take part in football.

Football Mash Up

A Football Association funded programme aimed at 14 to 17 year old boys and girls who have either dropped out of football or are on the verge of doing so.

Exercise Referrals

A programme of GP referrals funded by Adur District Council.

Disability Holiday Programme

A programme of fun, sporting holiday activities for children with disabilities.

SFS Disability Sessions

Active Sussex funding towards a Community Games event.

19. LEGAL STATUS

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

20. RELATED PARTIES

During the year under review concessionary membership rates were granted to Trustees. The aim of this policy was to encourage Trustees to make use of the Charitable Company's facilities for the purpose of informing their role as Trustees. The Board consulted with the Charity Commission concerning this practice and in doing so it was established that this represented a benefit to Trustees and accordingly the Charitable Company ceased to offer this concession. The Trustees are reimbursing the Charity for this. Concessionary memberships amounted to £784. £784 remains outstanding in respect of this at the year end and will be repaid by instalment over the new financial year.

Annual Report

For the year ending 31st March 2016



South Downs Leisure: Registered company number 9204269

South Downs Leisure Enterprise: Registered company number 9261501.

Charity number: 1163563



South Downs
Leisure

www.southdownsleisure.co.uk

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CHAIR'S REPORT

We are delighted to report that the first year operating as South Downs Leisure has been a success. It was a year of significant change and challenge for both staff and trustees. The Trust is building on what was a strong Council leisure department which has provided the framework for the new organisation.

The success of this first year was down to the huge effort and support of all the staff team. We have also been fortunate and grateful for the ongoing support of the Council. Most importantly, we hope and believe that the change from a Council to a Trust service has been seamless for all of our many customers.

Over the first year we have worked to develop strong and robust systems of governance for the Trust. During this period we have produced a surplus of £397,000 which was £299,000 ahead of the anticipated budget figure. This has allowed us to build up a risk reserve whilst continuing to invest in our facilities.

During 2015/16 we saw a number of large projects take place which included:

- £132,000 on a new car park at Field Place (funded by Worthing Borough Council).
- £30,000 of new Fitness Equipment at Splashpoint.
- £57,000 spent on a Pool View System to improve customer safety.
- £50,000 investment on new outdoor courts at Davison Leisure Centre (funded by Worthing Borough Council).

In 2016/17 we will see significant planned development and investment within our facilities in the following areas:

- £200,000 on Fitness & Changing room refurbishment.
- £165,000 on Sport Hall and Studio flooring, lighting and decoration.
- £120,000 on our hot water pipe system (funded by Worthing Borough Council).

We were successful with a funding application for £70,000 from Badminton England. Worthing Council are also contributing to the Sports hall project and the hot water pipes with a combined total of £205,000.

We continue to develop new partnerships which have included Dementia Friends to provide training for our staff and make our organisation Dementia friendly by July 2017. We have worked closely with the Sussex Wildlife Trust to provide activities on our Holiday scheme and continue to develop a relationship with the South Downs National Park.

During 2016 we will be facilitating and helping to develop a Worthing Food and Greenspace Festival with a range of local community groups and organisations. We are keen to support initiatives and events that are important to communities in Worthing.

As has been mentioned, our achievements during the course of this last year in setting up and running the new Trust could not have been achieved without the support and efforts of a hard working professional staff team. They are at the centre of the Trusts future. We will continue to invest in their training and development through:

- An increased training budget
- Educare - an online learning portal
- Train 15 staff in mentoring and commence a mentoring programme
- Introduce a learning at work week to help combat with the stresses and strains on daily work.

Finally, over the coming months and years we will look at how we might strengthen and broaden the services and activities we provide. There are of course considerable challenges ahead. We now have more wedding venues than ever in Worthing with two budget gym clubs arriving in 2016 and other leisure facilities planned over the next five years which will all impact on the Trust. However, there are also many opportunities. We strongly believe that our focus on quality, customer care, providing a broad range of activities and supporting our local community is the right way forward.

REFERENCE & ADMINISTRATIVE DETAILS

Name of charity

South Downs Leisure (SDL)

Name of subsidiary

South Downs Leisure Enterprise (SDLE)

Registered company number

SDL 9204269

SDLE 9261501

Registered charity Number

1154831

Registered office

Field Place, The Boulevard, Worthing, West Sussex, BN13 1NP

Telephone and website

01903 905050

www.southdownsleisure.co.uk

Auditors

McCabe Ford Williams

Statutory Auditors and Chartered Accountants

Bank Chambers, 1 Central Avenue, Sittingbourne, Kent, ME10 4AE

Bankers

Lloyds Banking Group

City Office

PO Box 72, Bailey Drive, Gillingham Business Park, ME8 0LS

Solicitors

Joanna Bussell

Winckworth Sherwood

Minerva House, 5 Montague Close, London, SE1 9BB

STRUCTURE, GOVERNANCE AND MANAGEMENT

South Downs Leisure is a company limited by guarantee and was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

Charitable status was applied for following the incorporation of the Trust on 4th September 2014 and was awarded shortly after the Trust commenced trading on 1st May 2015.

RECRUITMENT & APPOINTMENT OF TRUSTEES

Unless otherwise determined by the Company, The Board shall consist of at least three and not more than eleven individuals comprised as follows:

- Up to 8 Community Trustees
- Up to 2 Local Authority Trustees
- Up to One Employee Trustee

Provided always that the community Trustees shall at all times be in the majority.

Recruitment of new community Trustees will be subject to general advertisement and approval of the Board in accordance with the Articles of Association. Any such advert will highlight relevant skills and experience that are deemed appropriate to compliment the current Board. No Community Trustees will be required to retire for the first three years but after this period in 2018 one third of the Community Trustees shall reviewed annually on a rolling basis.

Recruitment of the employee Trustee shall be appointed by the employees of the company in accordance with an employee election procedure agreed by the Board.

The first employee Trustee was appointed by the senior management team in accordance with the Articles of Association. This appointment is a three year fixed term.

The Local Authority shall nominate up to two individuals to the Board and decide their period of appointment.

The Local Authority will confirm its nominations and period of appointment in writing to the Chair of South Downs Leisure.

ORGANISATIONAL STRUCTURE

The current Board consists of eight community Trustees all local residents within the Borough and recruited from a variety of different professions and disciplines.

Jerry Le Sueur became Chair of the Trust with Zoe Smith and James Garner acting as Vice Chairs.

We had three sub groups with the following Trustee/Director representation:

FINANCE

Gillian Jackson, Jerry Le Sueur, David Fleming

HR

Zoe Smith, Joanne Lawrence Hall



ENTERPRISE DIRECTORS

Joanne Lawrence Hall, Kris Von Habsburg, Duncan Anderson

We held the following meetings for the year ending 31st March 2016

- 5 x Board Meetings
- 6 x Finance Meetings
- 2 x HR Meetings
- 1 x Enterprise Meeting

SOUTH DOWNS LEISURE TRUSTEES



Jerry Le Sueur (Chair)

James Garner (Vice Chair)

Zoe Smith (Vice Chair)

David Fleming

Gillian Jackson

Kris Von Habsburg

Joanne Lawrence Hall

Sharon Smith

Diane Guest

Louise Murphy (left)

Luke Proudfoot (left)

Julia Gleeson (left)

Lionel Harman has since become a Local Authority Trustee in July 2016 replacing Luke Proudfoot.

To facilitate the effective operation of the Charity the Board has delegated the responsibility of administering the Charity to a Senior Management team.

Chief Executive Officer

Director of Finance

Director of Business Development

Director of Operations

Human Resources Manager

RISK MANAGEMENT

The Trustees have a duty to identify and review the risks to which the Charity is exposed and ensure appropriate controls are in place. A risk report is part of each Board agenda.

The following initiatives have been implemented to reduce risk and improve risk management.

- A risk report at each board meeting
- A SWOT analysis on the business and we have identified weaknesses and threats with an action plan to minimise the risks and threats.
- We have a calendar of audits which include Health & Safety, Financial, performance and Food & Beverage audits.
- We conduct Net Promoter Score surveys and Mystery Visits with customers to ensure we are delivering the service to expectation.
- We are affiliated to the Quest Scheme to maintain high standards across all sections of our business.

HEALTH AND SAFETY

South Downs Leisure is committed to embedding a culture of proactive health and safety management throughout the organisation. The Operations Director oversees regular cross-site meetings with the Facility Managers and each site has an appointed NEBOSH (The National Examination Board in Occupational Safety and Health) representative in this area supported by IOSH (Institution of Occupational Safety and Health) trained duty staff. All staff receive mandatory H and S training as part of their induction process. In 2015/16 a target of 90% for the external H and S audit was set. The 4 sites audited in October achieved scores of:

WLC: 84% SP: 90% DLC: 91% FP: 92%

Over the 11 month trading period 556 accidents were reported across the 5 facilities. With over 1.375 million visits, this represents a figure of 4 accidents per 10,000 visits (the industry standard benchmark indicator). This is below the figure of 5 per 10,000 set by SDL as an annual target. We recognise that accidents are inevitable, but with regular monitoring and an active risk reduction policy, we aim to minimise the risk to both staff and the customers who visit our facilities.

Accident reporting as below:

	Total	%	Reportable	Non-Reportable
Café	8	1.44	0	8
Sports Hall	100	17.99	0	100
Car Park	8	1.44	0	8
Fitness Studio (Gym)	20	3.60	0	20
Soft Play	24	4.32	0	24
Grass Pitches	2	0.36	0	2
Fitness Class Studio	10	1.80	0	10
Flume	12	2.16	0	12
Swimming Pool – Leisure	60	10.79	0	60
Diving Board	30	5.40	0	30
Total	556	100.00	1	555

SDL retains the services of Right Directions; a recognized industry leader in the Health and Safety field. This provides the group with up-to-date health and safety information and changes in legislation, together with a calendar of audits, advice and support in respect of litigation claims.

OBJECTIVES & ACTIVITIES

OBJECTIVES AND AIMS

The objects of the charitable company are:

- To provide or assist in the provision of both indoor and outdoor facilities in the interests of social welfare for recreation or other leisure time occupation of individuals who have need of such by reason of their youth, age, infirmity or disability, financial hardship or social circumstances or to the public at large with the object of improving their conditions of life, and/or
- To promote community participation in healthy recreational activities, and/or
- To provide or assist in the provision of community facilities to be available to all sections of the community without distinction, including use for meetings, lectures and classes and/or other forms of recreation and leisure time occupation with the object of improving the condition of life for all those who use the facilities, and/or
- To promote the education of the public through the provision of facilities for performing arts, and/or
- Such other charitable purposes as the Trustees in their absolute discretion may determine.

PUBLIC BENEFIT

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. We have referred to this guidance when reviewing our business plan and planning new activities for the future.



OUR VISION AND MISSION

The Trust established a Vision, Mission Statement and values which were outlined in the five year business plan 2015-2020 for South Downs Leisure. Our Vision is very much along the lines of the national agenda of ukactive to get More People, More Active, More Often.

The Mission Statement develops the manner in which the Vision will be delivered: to provide a clean, safe and happy leisure experience for all visitors to South Downs Leisure sites or activities for the benefit of their health and social wellbeing. We will achieve this through investment in our staff and good policies and practices.

A STRONG BOARD

Selection and recruitment of the board was planned with a clear vision to provide a good range of interested articulate and passionate volunteers with a strong mix of experience, age and gender. The successful recruitment culminated in 8 community trustees with a blend of professional backgrounds in finance, legal, Leisure, Public Health and Food and Beverage.

Over the past year the Board has developed a deepening understanding of the aims and objectives of the Trust and provide strong, but challenging support and governance. Although not a requirement, all the Trustees are currently residents of the Borough.

SENIOR MANAGEMENT TEAM

The Senior Management team of four is led by the Chief Executive and includes Three Directors. A Financial Director, Operations Director and Business Development Director. The Directors manage a team of staff that sit on SMT to include four Facility Managers, Group Fitness Manager, Group Sales Manager, Group Marketing Manager and a HR Manager.

Each of these managers sit on various sub groups that deliver the business and feed back into the business plan. These sub groups are:

- | | |
|----------------------------------|------------------------|
| ■ Finance | ■ Maintenance |
| ■ Staff Development | ■ Health and Wellbeing |
| ■ Events | ■ FIT4 |
| ■ Weddings | ■ IT |
| ■ Environment and sustainability | ■ Health and Safety |
| ■ Food & Beverage | |



TRAINING



COACHING MENTOR MOTIVATION SKILL KNOWLEDGE KNOW-HOW LEADERSHIP



TRAINING

We are committed to understanding the sector we operate in and the local and national agenda. To achieve this we must ensure staff have every opportunity to attend conferences and seminars and attend Continuous Professional Development courses.

We have committed to funding CIMSPA membership which is our Chartered Institute and the Chief Executive is also a long term Secretary of South East Leisure Centre Operators networking group.

We have also linked up with Educare to provide online courses for new and current staff with over 150 licenses.

The Board agreed to increase the training budget by 25% to reinforce its commitment to training and show how they value the staff.

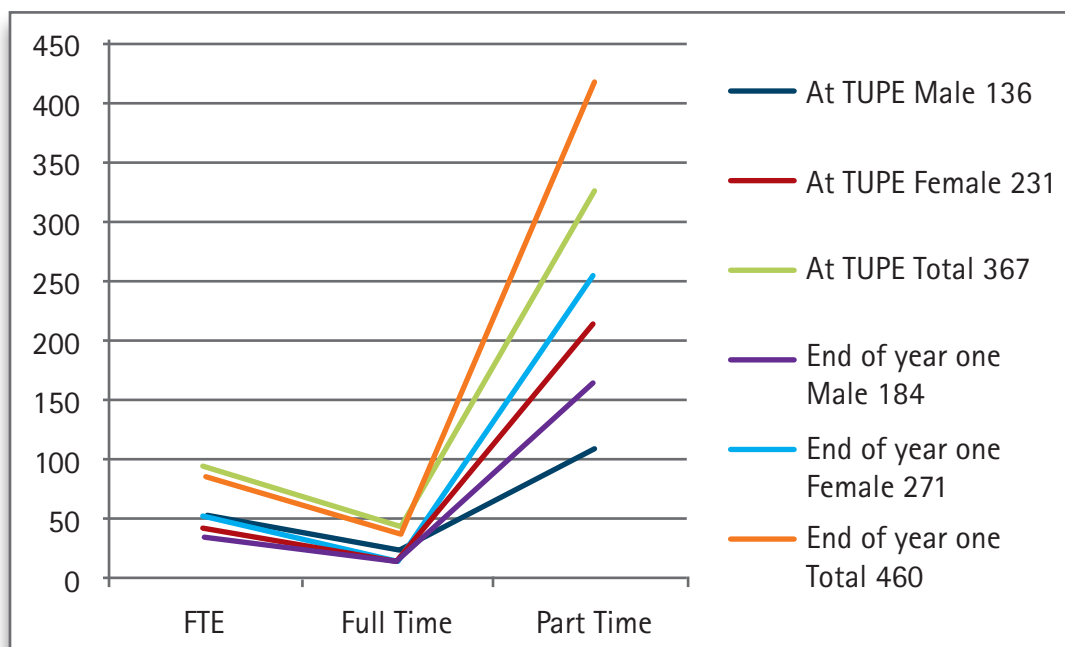
We are committed to maintaining this budget for the future and looking at introducing a mentoring scheme for staff and some management training.

WORKFORCE MAKE UP

The total workforce at the time of TUPE* was 367 employees. This has risen by 25% to 460 total employees in the first year. There are a number of explanations for this; we have grown the Group Exercise Instructor team as they were self-employed at the time of TUPE. There were also a number of employees who were incorrectly classified as casual by the Council and so were not TUPE'd over automatically. This has been corrected and people have been recruited directly into South Downs Leisure.

*TUPE refers to the "Transfer of Undertakings (Protection of Employment) Regulations 2006

GENDER MIX



SICKNESS

Total sickness for 2015/16 amounted to 3,503 hours, which as a percentage of total hours is 1.2%.

STAFF TURNOVER

Average staff turnover rates for the year are 14%, albeit some of these will be existing changing posts.

DISABILITY

We have been awarded recognition on the 2 ticks disability scheme and ask all candidates at the time of application to ensure that we guarantee them interviews if they meet the essential criteria when shortlisting.

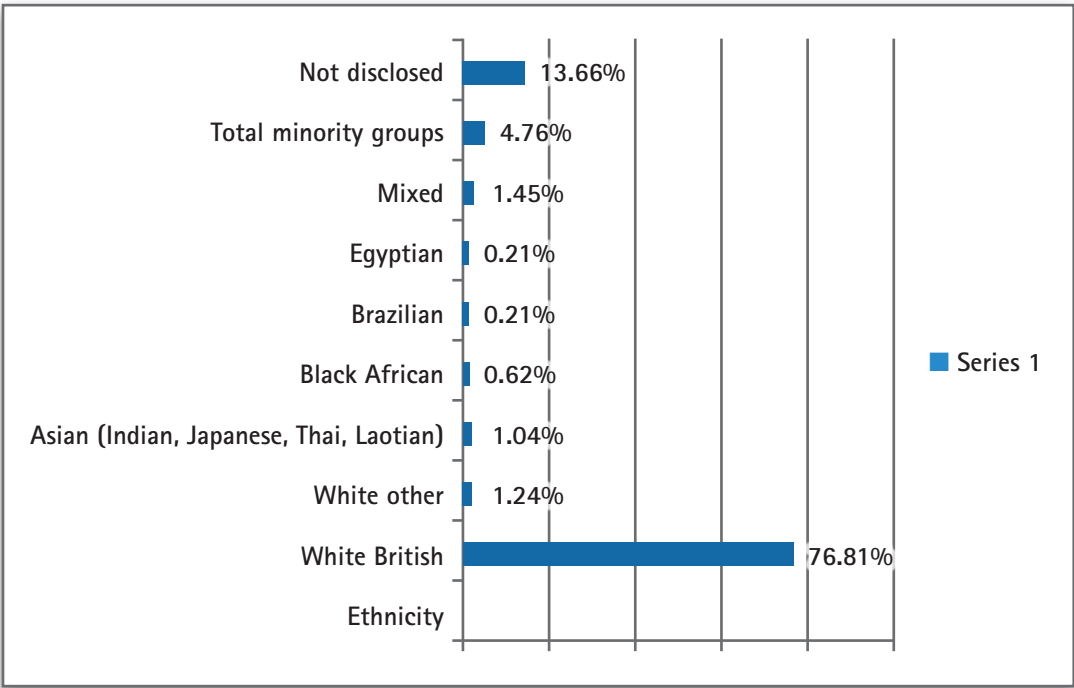
We have both the Employee Assistance Scheme and a contract with an Occupational Health Service through Portsmouth Hospital to support both people with Long Term Sickness and Disabilities as well as employees who are caring for family members with Disabilities.

All Staff	Male	Female
5	1	4

We are aware of other employees who could fall under the criteria of disability with regards to the Equality Act 2010 but only 5 people have completed this on their personal details form.

ETHNICITY

The makeup of the workforce is as shown below.



When comparing this to the Census data held for Worthing in 2011, the largest group was recorded as White British at 89.4% and Ethnic Minorities recorded as 10.6%. We do have 10% of our employees who do not live within Worthing but commute to work so it is difficult to match the staff demographic to the Census data purely held for Worthing.

We have an equalities policy and staff undertake training on an one-line training programme, as part of their induction training on equalities and Diversity.

CONTINUOUS IMPROVEMENT

A key to the success of SDL is in the desire to improve, reinvest and be at the forefront of new initiatives. We actively support CIMSPA membership (the Chartered Institute for the Management of Sport and Physical Activity) and the external assessment process "Quest" which is the sport and leisure industry quality accreditation to ensure that operators enhance, improve and continue to develop the quality of service offered.

We have achieved "good" results at Worthing Leisure Centre and Splashpoint. Both Field Place and Davison Leisure Centre successfully entered the scheme in 2015 and will be looking to reach the same standard in their first full assessment.

In addition to Quest and the H and S audit process, SDL undertake a number of additional internal and external audits to benchmark against the sector, past performance and also to set targets for a number of areas of the business; these include quarterly telephone monitoring, mystery sales calls, quality audits, food hygiene inspections and senior management audits. The external quality audit provides a bi-annual measure of overall performance across a wide range of indicators. A target of 75% was set in 2015 and the respective site scores achieved were:

WLC: 83% & 88% SP: 83% & 88% DLC: 76% & 72% FP: 81% & 73%

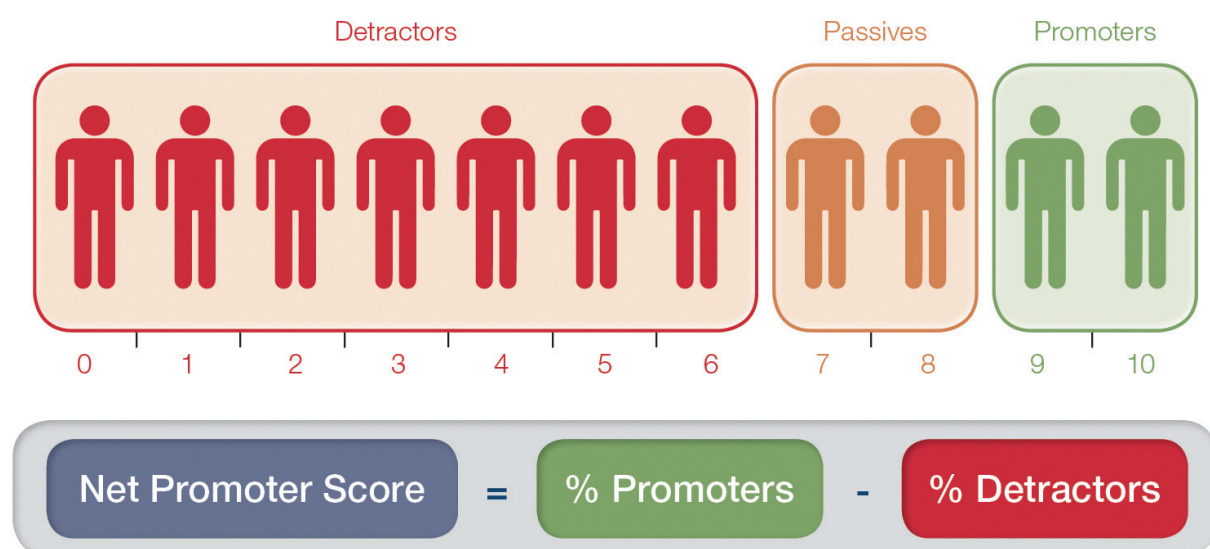
CUSTOMER SATISFACTION

SDL recognises that the customer is at the heart of the business and continually monitors satisfaction ratings using the "Net Promoter Score" system. NPS is a management tool that can be used to gauge the loyalty of an organisation's customer relationships. It serves as an alternative to traditional customer satisfaction research and has been adopted with more than two thirds of Fortune 1000 companies as well as many of the leisure industry providers.

NPS is calculated based on responses to a single question:

How likely is it that you would recommend our company/product/service to a friend or colleague?

The scoring for this answer is based on a 0 to 10 scale.



Those who respond with a score of 9 -10 are called Promoters, those who respond with a score of 0 to 6 are labelled Detractors. Responses of 7 and 8 are labelled Passives.

The Net Promoter Score is calculated by subtracting the percentage of customers who are Detractors from the percentage of customers who are Promoters.

In 2015/16 900 members were surveyed. The results below:

	Takers	Promoters	Detractors	NPS
WLC NPS	332	55%	19%	36%
SP NPS568	568	40%	23%	17%
SDL NPS	900	46%	22%	24%
Industry (SE)	37142	50%	27%	23%
Industry (UK)	200621	53%	18%	35%

The annual average of 24% is slightly ahead of the regional average, but we would look to improve this rating by achieving a higher level of consistency, particularly the areas of reactive and planned maintenance and also general cleanliness levels. Traditionally these have been the areas of weakness at Worthing LC and Splashpoint in particular.

FINANCIAL REVIEW

A key priority for the Trust was to achieve its budget figure and build up the Risk Reserve as quickly as possible. The Trust was granted a 25 year management agreement which was broken down into five year funding agreements. By the end of year five the Trust were anticipating achieving a Risk Reserve of £560,000.

The first year was a great success with the Trust being able to put £305,283 into the Risk Reserve and £100,000 in a Business Improvement Reserve.

The prudent approach to financial management in the period of this report has been monitored and supported by the Financial Sub Group and the Board.

On 1st May 2015 we closed our Local Government Pension Scheme to new staff joining South Downs Leisure. As a result of this we do not have any pension scheme liabilities.

INCOME

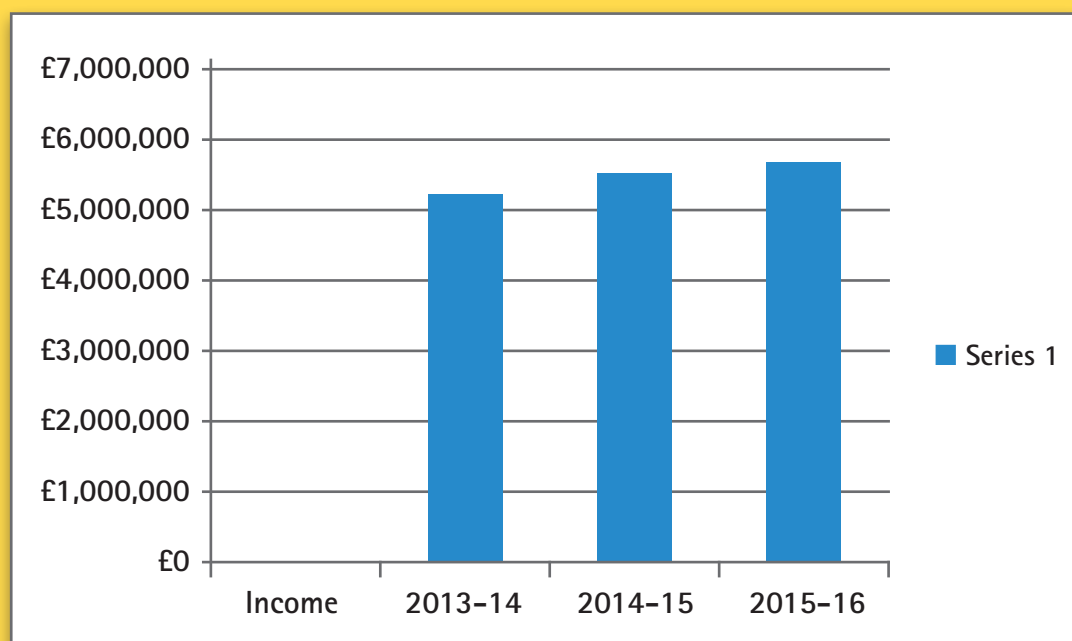


Fig1 (above) shows the income year on year. 2013-2015 we were a council Direct Service Organisation

One of our key targets is to maintain staff costs against income to stay below 54%.

Again 2013-2015 was when we were under council operation..



STAFF COST AS % OF INCOME

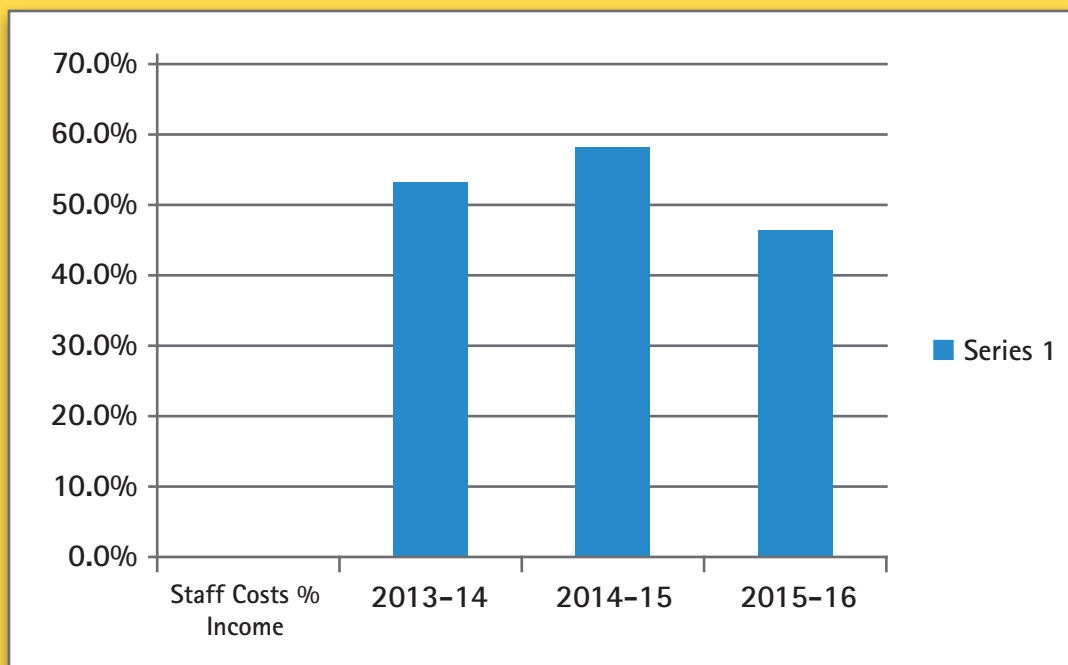
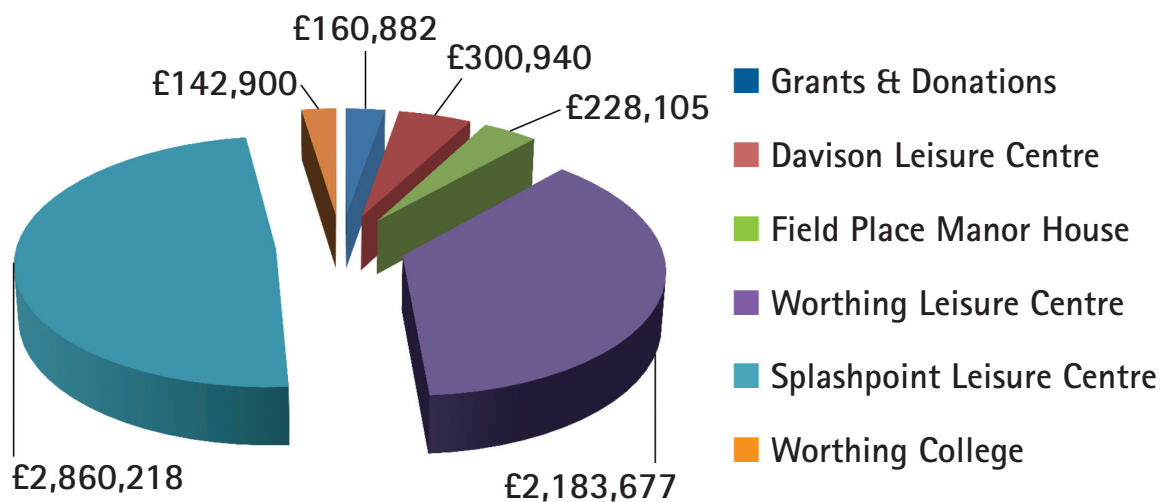


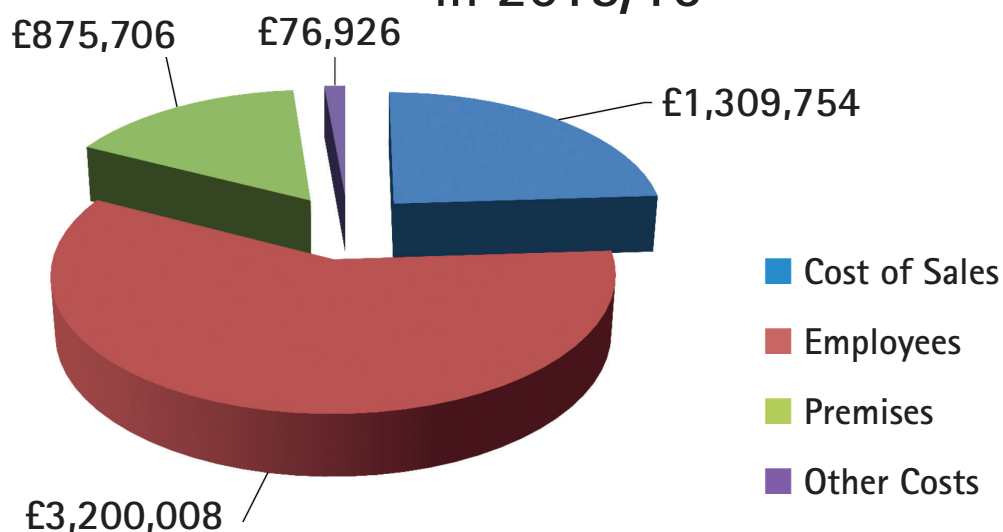
Fig 2 (above) shows staff costs as a % of income. None of the figures include head office costs.

Our first period of trading has been a tremendous success. The period only covered 11 months as we started trading on 1st May but decided to revise our year end to end on 31st March from now on. Below is an outline of what sites our income came from and what it was spent on.

Where our income came from in 2015/16



What the money was spent on in 2015/16



PLANS FOR THE FUTURE

We have established a structure that will allow us to develop the Trust and potentially grow in future years. We have looked at various facilities within the borough of Worthing and will not exclude opportunities outside this area if geographically positioned to allow us to manage the facilities efficiently and effectively.

We have also started the very early stages of looking at the refurbishment or rebuild of our large dryside facility, Worthing Leisure Centre.

ACCOUNTABLE AND TRANSPARENT

The work of the Trust sits entirely in the public domain and through its values, Club and customer focus groups, surveys & feedback mechanisms it strives to engage with all interested parties. The Business Plan and objectives are published and subject to public scrutiny.

The Trust reports to Worthing Borough Council on a quarterly basis on performance against the agreed key performance indicators.

We have also delivered a campaign during 2015-16 on the charitable status of the Trust and its impact on the local community along with all the great initiatives that are taking place, however this remains a message that still requires some development and a push.

PERFORMANCE & CHARITABLE ACTIVITIES

The Trust set up five key performance indicators (KPI's) for 2015-16.

- Secure our user base of 1.5m visits
We achieved 1.527m visits to our sites in 2015-16
- Maintain wedding functions above 75 weddings per annum
We had 80 weddings booked in for 2015-16
- Maintain an average of 9,900 FIT4 members
Our membership averaged out at 10,300 for the year
- Increase swimming lessons to 1600 per week by the end of 2016
Swimming lessons increased to 1850 per week
- Continue to deliver in conjunction with the Council the Exercise referral scheme
We have continued to operate this despite vastly reduced funding

DISABLED ACCESS DAY

Customers were given the opportunity to come and try out a variety of sports from sound football to wheelchair tennis. We are looking to repeat this event in 2017 in conjunction with Short Breaks disability team.

ENVIRONMENTALLY FOCUSED ACTIVITY

We have established excellent relations with the Sussex Wildlife Trust, further expanding our reach and integrating the surrounding natural environment into our programme. Projects undertaken as a consequence included Wild Beach which gave kids the chance to explore the seafront with fun, games and environmentally focused challenges.

Additionally, work with Sustainable Sussex expanded with partnerships extending to the over 50's undertaking activities such as gardening and woodworking.

These projects are set to continue over the coming years.

WALKING SPORTS

Walking sports include both football and netball with football having increased significantly in popularity. As a consequence, SDL have established the only league in the county with The South Downs Sharks (our in-house team) fighting for that top spot on the leader board!

PUBLIC HEALTH WEST SUSSEX

We have been working with Public Health to ensure we align campaigns. New activities will include participation in initiatives such as the 10 minute shake up – Disney inspired 10 minute work-outs for kids. Additionally, we will be investigating healthier options within our cafes and vending machines.





South Downs
Leisure

www.southdownsleisure.co.uk