



Company Number SC407011

High Life Highland
(A company limited by guarantee)
Report and Financial Statements
31 March 2020

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Company No. SC407011

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Company Information

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D McLachlan

K Nicol

E Macrae

T Ligema

A Jarvie

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Report of the Chair

This is the eighth year since the creation of High Life Highland, and my first year as Chair. Another successful year for the charity, 2019 also saw some major changes in HLH with Donald McLachlan stepping down as Chair after almost 5 years and Ian Murray retiring as Chief Executive after almost 8 years, my sincere thanks to both for their significant contributions to HLH and I am also delighted to welcome Steve Walsh as HLH Chief Executive who took up post in September 2019.

The Board of High Life Highland continue to play a central leadership role in the growth and development of the organisation. It is important the Board both maintains and develops its commitment to high standards of collective governance and scrutiny, with effective strategic leadership and good practice in place – I believe this continues to be the case. As such I want to place on record my appreciation of the support and contribution of our active, able and enthusiastic Board of Directors.

As part of a programme of governance reviews, Directors this year participated in a Board Review and Assessment session facilitated by Mr David Gass from Rural Matters LLP to gain their input and views on how effectively the Board is currently performing across a number of key areas including:

- Setting out a clear and shared vision and strategic direction for the organisation
- Maintaining high standards of corporate governance and accountability
- Clarity on Board and Board member roles and responsibilities
- Performing effectively as a Board
- Working effectively with the senior management team of the organisation
- Representing High Life Highland to its key stakeholders and partners
- Board Membership and Development

There was also consideration of the main opportunities and challenges facing High Life Highland within the context of the remaining Business Plan period to 2024, to further inform future Board discussions. Unfortunately, as we now know the year ended as the COVID-19 lockdown started and it is likely that the current Business Plan will require significant revision post lockdown as the charity recovers.

The Board of High Life Highland continues to operate effectively and to a high standard of accountability and performance. Each key area of the Board's operations was seen to be operating effectively in terms of the individual and collective Board member scoring, and further performance improvement and actions were agreed for each area to continue to develop the effectiveness of the Board.

In addition to the ongoing challenge of reducing public finances, further key personnel changes within the Council have resulted in a significant loss of "corporate memory". Promoting a full understanding of the relationship between the two organisations continues to be a key feature of work for Directors and the Chief Executive and we are committed to maintaining good contact and a close working relationship throughout these unprecedented times.

Covid-19 has introduced a significant challenge for High Life Highland and the Board has been active in agreeing appropriate mitigative actions to address this. The Board remains committed

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to taking the necessary future actions to ensure there is a sustainable and active future for High Life Highland.

W.J (Ian) Ross, OBE
Chair

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Report of the Chief Executive

As the Chair has mentioned 2019 saw some changes in HLH and I was delighted to be appointed as the Chief Executive of High Life Highland taking up post in September. I would like to pay a personal tribute to Ian Murray who retired in August 2019. Ian has done a fantastic job in leading and growing the Charity over the past eight years and should be justifiably proud of all that he has achieved.

High Life Highland is involved in some amazing initiatives and I was keen to fully understand the way in which each of the nine services operate in order to be the best possible advocate for the charity; this will be a key part of my role in promoting awareness and understanding of the vital role HLH plays across Highland communities. I'll also be looking at what we can do to seize opportunities to protect, enhance and grow the services and activities offered to Highland residents during what could be a potentially challenging period ahead for publicly funded organisations like HLH.

My priorities on appointment were getting out and about to meet staff in their own places of work and establishing essential external relationships and it was an extremely busy first three months in post which included:

Establishing relationships and engaging with The Highland Council including members, Chief Executive and Senior Staff; MPs and MSPs.

Ward Meetings – across Highland.

Site Visits –over 70 sites in total across all areas visited meeting hundreds of staff, volunteers and customers.

Area Wide – Eden Court Theatre, Puffin Hydrotherapy Pool, Inverness Chamber of Commerce, UHI, CPP Board, Nevis Landscape Partnership; Highland Youth Parliament Executive; Linnhe Leisure, Ironworks, Highland Reserve Forces and Cadets and Corporate Parenting.

Nationally – Community Leisure Scotland, OSCR, Creative Scotland, sportscotland, Employer Recognition Scheme, Observatory for Sport in Scotland Summit.

High Life Highland – individual meetings with HLH Board and Trading Board Directors.

My findings from all the above confirmed a performance focussed, highly motivated organisation with sound processes and systems which are valued across communities. A strong Senior Management Team and good governance via Charity and Trading Board trustees exists with HLH continuing to benefit from the commercial acumen of non-executive directors.

Other priorities identified going forward were maintaining and increasing customer visits, continuing to reduce reliance on Council funding, addressing highlife membership stagnation, workforce planning, property rationalisation and support for the flagship Inverness Castle Project.

Plans were put in place to take forward all the priorities above, however as we had to take the difficult decision in March to suspend most of our services in line with Government guidance progressing the majority of these has been affected due to the COVID-19 pandemic but these will all be revisited and included in High Life Highland's Recovery Plan as appropriate.

Prior to lockdown, the charity continued to grow during the year with the transfer of the operation of the Café at Hilton, agreeing to the long-term operation of Strathpeffer Pavilion by HLH on behalf of the Community organisation following their successful bid to buy the building from SHBT. HLH's first foray into management consultancy, at Moray Leisure Centre continues, with very significant improvements to the usage numbers and income being reported prior to

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lockdown and HLH will continue working with the Board of Moray Leisure Ltd to stabilise and grow the operation of the centre. The planned completion of the new Alness Academy and HLH's move into new community facilities within, including 6 lane swimming pool, games hall, gym and 2 floodlit pitches was also delayed due to lockdown.

There were also some notable award achievements during the year including:

HLH young people's volunteering **Leadership Programme** won the Innovation award at the **Community Leisure UK Awards** ceremony in Manchester and also received a highly commended nomination at the Highland Business Awards for Developing the Young Workforce in preparing youngsters for the workplace. The Programme supports young people from senior primary age onwards to help out, plan, lead and train other young people in activity, with the opportunity to gain formal qualifications along the way. With over 2,500 young people in or having been through the Programme, it is growing rapidly each year.

Following the resigning of the Armed Forces Covenant, HLH was awarded the **Silver Employer Recognition Scheme Award** which was presented to the Chief Executive at a reception hosted by the Governor of the Castle at Edinburgh Castle. The purpose of the Covenant is to try as far as possible to ensure that members of the armed forces and their families are not disadvantaged through their involvement and deployment with the forces.

High Life Highland was successful in achieving the **Bronze Healthy Working Lives Award**, a nationally recognised programme which helps organisations identify issues and improve health, safety and wellbeing in a structured and productive way, HLH will seek to maintain standards and move towards the silver award.

In March, we had hoped that the changes being made as a result of COVID-19 would result in a brief, temporary closure that would see us back delivering services sooner rather than later. Since then it has become clear that the restrictions put in place by the Government to prevent the spread of COVID-19 look likely to remain in place for some time. We also acknowledge that "business-as-usual" will likely be different as society adapts to life in the aftermath of the pandemic. HLH is fully committed to facing the recovery challenge and look forward to collaborating in a positive and meaningful way with the Highland Council and other trusted partners. We are especially mindful of our responsibility to deliver the Council's obligations, particularly in respect of health and wellbeing. As we exit the crisis, the importance of mental and physical health will be pivotal in the path to personal recovery and normality for many, High Life Highland accepts the huge responsibility and the HLH board and our staff will steadfastly support this endeavour.

We are continuing to look for support to help manage the current situation, including the Government's Coronavirus Job Retention Scheme (JRS) that has seen over 1,300 of our staff placed on furlough leave. The JRS will have a significant positive impact on our ability to protect services and mitigate the impact of the dramatic fall in income that we have experienced.

To mitigate what we are projecting to be the most challenging financial period since the charity was established by The Highland Council; in addition to having successfully applied to the JRS, we are also reducing costs across the whole organisation and are doing all that we can to achieve a balanced outcome at the end of the coming year 2020/2021. HLH will continue to closely monitor and report the financial position as the situation around COVID develops, the restrictions are relaxed, and we have some clarity on our ability to operate our services.

Steve Walsh, OBE
Chief Executive

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High Life Highland Staff & Volunteer Recognition Scheme 2019/20

One of the first things the Directors of the High Life Highland charity did when it was set up was to establish a process for acknowledging and celebrating the huge range of excellent and innovative work carried out by staff and volunteers across all aspects of the charity and in all parts of the Highland area. HLH has come a long way since then and continues to grow and flourish as a charity. The recognition process has worked really well so far and Directors are keen to ensure it remains fresh and in a form that gives everyone across all of the services HLH delivers an equal opportunity to be recognised regardless of whether they work in a front facing role or in a support role behind the scenes.

Although unable to hold the Annual Volunteer and Staff Award ceremony in June 2020, during 2019/20 staff continued to submit examples of outstanding work which would in normal circumstances involve Directors and the Chief Executive in the winner selection process. 85 submissions in total for eight categories were received including this year across 8 categories. A sample of the range of submissions in each category, from across all services is included below:

VOLUNTEER RECOGNITION SCHEME – over 1,700 volunteers do an enormous amount on a regular basis to support the work of HLH, often leading activities themselves, giving up their time to gain qualifications and to mentor others. The volume of work of the charity is significantly enhanced by dedicated volunteers.

Volunteers at Inverness Botanic Gardens and Nursery

The staff at Inverness Botanic Gardens and Nursery greatly value the support from their volunteers, and have nominated them to thank them for their hard work and commitment to the gardens, and also the sense of fun that they bring with them, they are

John Reid; John has spent many hours helping us in many areas at the botanic gardens, from maintaining our wheelbarrows to sharpening gardening tools to painting objects in the garden. He always turns up with a smile on his face and a story to tell and spends his whole day with us.

Hellen Barron; Helen has, for last 2 years, been attending regularly at the Inverness Botanic Gardens as a gardening volunteer. She has helped to maintain the appearance of the GROW project gardens and also helps the project trainees with their gardening activities. Both the trainees and staff welcome her presence and her assistance at the garden project.

Maggie Charteris; Margaret comes once a week to the GROW project at Inverness Botanic Gardens to help the trainees with their gardening activities. She is very patient and the individual attention that the trainees receive from her help both them as well as the garden. The project invites volunteers as a way of social integration with the trainees who have learning disabilities.

Kenny MacLennan; Kenny has been associated with the Floral Hall and Inverness Botanic Gardens for about 10 years, first as a gardening trainee, and then after an absence of a few years he returned to help as a volunteer. His participation in the project has been very useful particularly in doing some of the heavier work (lifting and moving) that many of the project trainees find difficult. He knows many of the trainees socially through external connections and is, therefore,

more able to understand and assist them with their gardening activities.

Adam Wilsher (North Kessock Primary, Football Training) – Active Schools Black Isle

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Adam shows what a difference parent and volunteer power can make. Despite, his shift work and his busy family life, Adam sees what a positive difference Volunteering and sport can make, not only to each child, but to the wider community. Perhaps it is because of his profession as a serving police officer, that Adam recognizes the positive change that being involved in sport can make. Adam is a very capable negotiator and listens to everyone. Adam's drive, enthusiasm and energy make it all happen. Without Adam, 61 pupils (including 11 girls) from this small Highland school would not have had all the positive and fun experiences that they have had this school year.

Pip Gullet (Inverness Wildlife Watch Club) – Youth Inverness

Pip has volunteered for approximately 3 years with High Life Highland and the Scottish Wildlife Trust. She has been a guiding force with the set up of the Inverness Wildlife Watch Club (IWWC) from the beginning. Pip brings enthusiasm, knowledge and caring personality to support the young people who attend the IWWC. The club runs on a monthly basis and its base is within the Millburn Academy Library. Throughout her time supporting the club Pip continues to bring a vast knowledge of wildlife, habitat's and scientific study and research of which the young people thoroughly enjoy. Pip has also supported the recruitment of volunteers, encouraging new members to participate no matter their skill or knowledge level. In relation to administration support Pip completes risk assessment, programme planning and also manages the Club's Facebook Page. Her contribution to all activities is exceptional and worthwhile.

YOUNG VOLUNTEER AWARDS

Jamie Neil – Countryside Rangers Inverness and Badenoch

Jamie has been volunteering for over 2 years now. He has been invaluable in his contribution on a whole range of ranger activities including Healthy Minds groups, the Nairn Youth Outdoor Programme, John Muir Award groups at Inverness High School, woodland activity days with Alzheimers Scotland, school groups and public guided walks. He has also assisted with other ranger work such as site maintenance, risk assessments and biological monitoring. For someone so young Jamie has a lovely kind manner with vulnerable people whether adults with mental health issues or teenagers struggling in the modern world. He listens, really listens and can recognise when someone is feeling uncomfortable and scared. He shows initiative and problem solving which are essential in a countryside ranger role and will happily take the lead if appropriate. Having Jamie as a registered volunteer has also enabled us to increase the ratio of staff to public on events thereby increasing attendances and donations. He has been on training courses of his own volition, some of which cost a lot of money, but he is always willing to share this knowledge which shows strength of character and commitment to our service.

Alistair Fraser – Active Schools Millburn Inverness

Ally left S6 in Millburn Academy summer 2019 where he achieved over 500 hours of volunteering and leading in various sports. He has been an absolute asset to the Active Schools programme in the Millburn cluster, and volunteered at 5 local primary schools as well as running after school

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clubs like American Football for the secondary school. He was 2018/19 young ambassador and took this role in his stride, he and Rachel (2nd YA), arranged and organised October and Easter holiday camps for local primary school children to attend, and again volunteered their holidays to run a whole programme of activities. Ally was always in the PE/Active Schools department looking for more things to help with. Ally since took a year out before going to university and has continued to volunteer within Active Schools across several clusters and Highland Disability Sport. Ally and is a fantastic role model to his peers, young leaders on the High Life Highland's leadership programme, and those he coaches. He is always on hand to help if that means covering a last minute badminton session because the coach is unwell, or upskilling parent volunteers in fun games.

Paige Borland; Kate Ramsay; Lucas Livornese – Youth Kinlochleven

These Kinlochleven youth activists have been nominated due to their sheer determination and will to help others and volunteer their time. They joined Kinlochleven High School in August as S1's and they formed the K.Y.A group shortly after, in September with support from Youth Development. In this short time, the group have achieved a number of fantastic things! These include: organising community litter picks; organising a Christmas cheer project by delivering surprise gifts to nominated local individuals; organised an equality day and delivered taster sessions to the whole Primary School; they volunteer at Junior youth club, gymnastics, dodgeball and multi sports sessions during lunchtimes, and after school clubs and during holidays; they are exceptionally great role models to the younger ones. Between them, they have accrued over 300 volunteering hours and have 3 Leadership hoodies (almost 6)! Highlife Highland youth and facility staff think that these S1 young people are amazing in what they have achieved so soon. Their determination, ideas and attitudes are refreshing.

STAFF RECOGNITION SCHEME - ROLE MODEL BEHAVIOUR CATEGORY

Being a good role model is about creating a positive influence on those around you and inspiring them in a way that they willingly follow in the direction of a defined goal. Nominations were invited on behalf of individuals or teams who have supported an improvement in another individual and/or team that demonstrates a positive outcome for those involved, their service and/or the wider work of HLH.

Lori Jones and Velina Vateva - Plockton Libraries

Plockton High and Plockton Library are both single staffed libraries which are a considerable distance from other libraries including their line manager. Although support is always available by phone and email as well as regular visits, staff can feel very isolated working on their own. Velina and Lori got round this by working closely together to support each other despite being based in very different library environments. Velina is also employed as a PSA at Plockton High School and always made sure to check with Lori to make sure she was supported. Velina undertook to train Lori in using Spydus and other ICT on Friday mornings over the first month. This was particularly helpful as Lori had real difficulties getting established due to ICT issues beyond her control. Lori has supported Velina at Plockton Library by assisting with events and activities where possible. Lori and Velina have also collaborated on the use of social media to promote Plockton libraries. This support they offer each other is over and above their respective remits and is an excellent example of role model behaviour in action.

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Velina stepping in to support Lori with ICT over a period of weeks saved HLH the costs of covering a Network Librarian for the days as well as travel expenses. Lori's support of Plockton Library events / activities and their collaboration on the social media, has contributed to the outstanding increase in visitors from 2017/18 to 2018/19 by 57%.

STAFF AWARDS – COLLABORATION CATEGORY

Collaboration is about bringing people and projects together to deliver a common positive outcome. Nominations were invited from or on behalf of individuals or teams who have collaborated with colleagues and/or teams within their area of work or from across HLH and/or external partners/stakeholders in a manner which has created and maintained a positive working relationship between the parties involved.

Learning for Life – Employability Adult Learning

The Dingwall Employability Project worked with Adult Learning and Highland Council plus outside providers to achieve exceptional results with the Learners attending. Adult Learning work closely with the Tutor/Coach to ensure a complete and competent service is provided. The Tutor received training and gained S.C.Q.F Level 6 in Literacies Learning and received 13 complete module master copies and instruction in the requirements of each. In turn she coached Young People through the modules to receive S.C.Q.F Qualifications in Levels 2-4. Adult learning collected and verified the modules and gave feedback to the Tutor and Learners in constructive face-to-face conversations. This proved exceptionally supportive to the Learners, many of whom lacked in confidence. The project had collaborative sessions which Adult Learning arranged, including a short budgeting course delivered by the Adult Literacies Support Worker and sessions at the Invergordon Allotment in the spring. The project also invited outside providers to deliver short courses of interest to the Young People, such as First Aid etc. These have all served to increase attendance, learner confidence and resulted in increased social and life skills. The Dingwall Employability Project showed exceptional results. This, in turn had a positive impact on the Service Providers, staff members, Adult and Youth Services and has served to show a marked increase in reported statistics (increased positive contacts, attendances and qualifications gained). We encouraged Learners to continue a lifelong learning path, and working with representatives from Adult Learning whilst on this project makes any future engagement a much easier transition.

Between July 2019 and January 2020, young people on the scheme have completed a total of 35 S.C.Q.F qualifications, we have had 2 college acceptances, 4 gained employment, 3 are now volunteering and 4 First Aid certificates have been issued. In total 13 Learners completed 97 individual modules covering three Levels of S.C.Q.F qualification.

STAFF AWARDS – TEAM CATEGORY

Nominations in this category were invited from or on behalf of teams who have performed to an exceptional level in terms of their commitment to a common purpose/goal. Those making nominations were asked to demonstrate how the team had made an improvement to the level of service provision offered by their service(s) or the wider work of HLH.

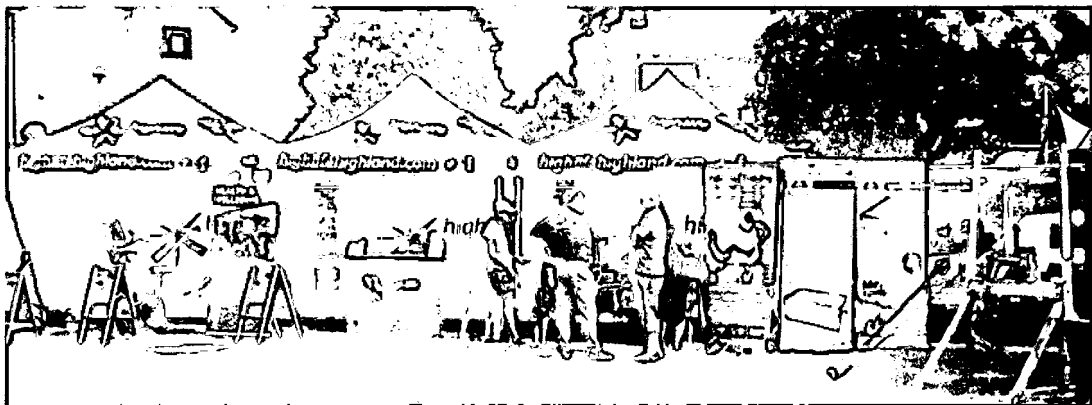
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Piping Inverness 2019 Events team

Piping Inverness 2019 was held in Bught Park on Saturday 29th June, the High Life Highland event village was a part of the larger event and we worked very closely with LCC Live the event organisers with Culture, Leisure, Health & Wellbeing, Youth Work, Outdoor Activities, Sport and Libraries represented within the HLH village. The attendance on the day was close to 18,000 people including 4000 Pipers, drummers and highland dancers. The team guaranteed fun for all and very informative stalls for the public to enjoy.

The event team communicated openly with each other over a period of six months, sharing their thoughts, opinions and ideas with other members of their team; as well as taking into consideration what others have to say. Communication is essential for keeping track of event progress and working together efficiently on tasks. The team focused on goals and results, there was a clear plan about how we were going to achieve these objectives, as a group, as well as each individual's contribution. This provided everyone with clear direction and gave them something to aim for collectively.



STAFF AWARDS – INDIVIDUAL CATEGORY

Nominations were invited for an individual who has exceeded expectations by going the extra mile over and above the requirements of their specific role or has undertaken their duties and responsibilities in an ambassadorial manner to an exceptional standard. Nominators were asked to demonstrate how the person has made a difference to their part of a service or the wider work of HLH.

Ben Bruce – Active Schools Co-ordinator, Ullapool

Ben has been in post as Ullapool Active Schools Coordinator for just over a year and has already had a significant impact on the Ullapool community and schools that he works with. His generous open nature goes hand in hand with his drive and passion for sport, physical activity and health and wellbeing. In working with Ben on several projects I have found him responsive and knowledgeable and a great problem solver. He recently organised the first Rainbow Run in Ullapool as part of the Feel Good Festival. This included planning, organising local volunteers and

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supplies, managing health & safety, registering participants, marketing and promotion, liaising with local council and partners, all on top of his normal daily duties and responsibilities. The event was a success with 58 people attending on the day despite bad weather (which Ben had planned for) and having a fun, colour filled run or walk whilst raising money for HLH. As a result of the success and popularity of the event, the Community Sport Hub and community volunteers are looking to have another the Rainbow Run in 2020 and developed a park run group has in Ullapool. The community led group of around 12 people are already looking at hosting a fundraiser in early 2020 which would include a 5km run around the track that Ben set up. This is a great result for a small rural community.



STAFF AWARDS – INNOVATION CATEGORY

Innovation is about doing things better as well as doing better things. Nominations were invited from or on behalf of individuals or teams who have shown great creativity and innovation as part of the role they play at High Life Highland. The innovation could be by way of initiating a new idea, a new project or a new way or working which improves a process which then demonstrated a fundamental benefit to their service and/or the wider work of HLH.

'Splashy' programme for under 5s – Fingal Centre, Isle of Skye

Our Leisure Supervisor came up with the idea to introduce a series of swimming sessions aimed at improving water confidence in children under 5 years of age. The classes are called 'Splashy Tots' (also Splashy Kidz) and are delivered 2 members of our HLH swim team. They had the objective of preparing younger children for our mainstream Learn to Swim scheme. Children participated in the classes along with a parent or guardian, which enabled children to become accustomed to the class environment before progressing to learn to swim. Furthermore, there

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was an opportunity for the children to learn vital skills, preparing them for learning to swim. The classes also incorporated part of the PABA (parent and baby aquacize syllabus) which meant that the parent/guardian also benefited in terms of health benefits of exercise. We are often asked by parents/guardians for suggestions on what activities to do in the pool with pre-school children and this scheme has been an excellent vehicle to impart this information in a practical sense.

The results of this programme have been outstanding, with almost 500 admissions to the sessions since it started. Classes are very well attended and popular with customers. Due to the popularity of 'Splashy Tots', High Life Highland has also benefited from an uplift in admissions income and All-Inclusive Membership sales. It is often the case that people will take out a membership when their children are old enough to attend swimming lessons at 5 years of age. As this adds real value to the membership, it has resulted in people taking out a membership from when their children are much younger, resulting in more High Life Membership sales.

	• Introduce complete non-swimmers to the aquatic environment and establish an understanding of safety in and around water • Develop and progress water confidence • Establish an understanding of basic core aquatic skills • Encourage independent movement • Develop skills through enjoyment, fun and self-discovery
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PUBLIC NOMINATION AWARD CATEGORY

This category allows members of the public an opportunity to nominate members of staff deserving of special recognition for going above and beyond the call of duty.

Mhairi Docherty, Nairn Leisure Centre

Over 10 nominations received highlighting many reasons why Mhairi deserved this recognition, including:

- Mhairi has provided an excellent service with her fitness classes. They are fun and accessible, even to those who have never done fitness before. Mhairi is good at engaging clients and keeping them motivated, and knows how to get the best from each person. Her classes, and her positive attitude are an absolute asset to the amazing team at Nairn Leisure.
- She constantly gives motivation and encouragement in all aspects of her job. She has gotten me get to where I am now always with a smile and belief in what I can achieve. She has also given guidance, support and advice in her own time to betterment of myself and others.

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- At the beginning I attended her spin class (recommended by a friend) and it went from there. She is so encouraging, motivated and enthusiastic in such a gorgeous way. I completed Loch Ness Etape this year because of her, motivating me, encouraging me and being so quietly positive and believing in me. I was apprehensive but her ongoing support has been second to none.

Paul Castle – Countryside Ranger, Dunnet Head

Paul's nominator was walking on the beach with her dog, her 3 year old son Fergus and 9 month old daughter, when her young son violently fell to the ground. She says in her nomination "as I rushed back to the car park to go for aid for my son, I came into contact with Paul who immediately took control of the situation. Paul was calm, kind, professional and reassuring. He used his first aid kit and checked Fergus over for serious injury, then cleaned and patched his head up securely. The hospital complemented his skill and said it is because of Paul's quick action Fergus didn't have to go to Raigmore which would have meant a general anaesthetic and further trauma. Instead, Fergus left Caithness General with 8 stitches and glue in his head. It wasn't only Fergus that Paul helped - it was me. I was in shock and I was not fit for driving; but he was incredibly calm and reassuring that by the time he finished with Fergus, I was able to 'get it together'. It might seem like a very small thing to Paul, getting his first aid kit out to patch Fergus up, but that small action led to a much more positive outcome that saved a lot of additional trauma for my family and I. We are very grateful he was there that day, a real knight in shining armour."

Highland Archive Centre

3 members of staff from Highland Archive Centre were individually nominated, the nominators had the following glowing words to say about them -

- **Fiona MacKenzie**; I was so impressed by Fiona's quick email responses and attention to detail. She even connected me with a family historian who was able to create a tree and take the search as far as she was able. Fiona was so polite and helpful, I was just gushing all day long to my family members how wonderful she was. It may seem like a small thing, but in this day and age, friendly and helpful service is not always a given.
- **Graeme MacLeod**; I spoke today with Graeme's manager commenting on his excellent customer care skills which I feel stand out. His tone of voice and dialogue with each customer is so friendly and welcoming. He is very polite and so helpful whilst, at the same time building a rapport with his customers. He interacts so well with a variety of customers, adapting to meet their needs - old and young. His knowledge and advice is well received from customers and he is prepared to go that extra mile. He is a wonderful ambassador for the service in which he works.
- **Debbie Potter**; I was helped by Debbie, whilst I was researching one of my family who died in Inverness Lunatic Asylum. I live in Kent and it's so nice to find someone so helpful when you live the other end of the country.
- **HARC Team**; From the first welcome at the door by Grant Begg, through to the Archive rooms and search rooms, the professionalism and friendly, welcoming manner in which

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they all carry out their daily tasks is so much appreciated. They've made what could be viewed as a tedious part of my project, really interesting and their enthusiasm for the task at hand is contagious. It's helped to make my job so much more enjoyable and I always look forward to a visit at every opportunity I can take to follow on with my research.

Staff Health and Wellbeing – Step Count Challenge

Following the inaugural staff health and wellbeing week in May 2019 another Step Count Challenge took place in November 2019 where 35 HLH staff, from across all services took part in the challenge. The challenge allowed teams of up to five staff members to record the number of daily steps they achieved day over a four week period. The team steps were entered onto the Step Count Challenge online portal – and so the inter-departmental competition ensued.

The leader board was consistently changing throughout the challenge – there was tough competition and it was a very close run thing right up to the finish. Massive well done to Black Isle Leisure Centre's team called "Chafing the Dream" who came in first place a whopping 1 million steps ahead of the second place team from Business Support called "Legs Miserables" who were closely followed by the Active Schools Team called "Foe Shoe" in third place – all with very impressive results!

Together all the HLH teams participating achieved over 10 Million Steps or c. 5 Thousand miles, that's equivalent to the distance from Inverness to Beijing!

Feedback from participants was that whilst they didn't always find it easy to go out on the short, cold, dark days, the challenge definitely helped them to do more and be more physically active as well as providing motivation and support to get out for walks at lunchtime and build more steps into everyday routines.

Special Recognition

The Annual Awards Ceremony usually ends with the special recognition awards and there are individual and one team achievements very deserving of mention.

Invergordon Leisure Centre and Active Schools Team

Following a serious fire at Invergordon Primary School in February, resulting in its closure, the HLH team at Invergordon Leisure Centre and Active Schools, swiftly stepped in to support the Council in running all day programmes for the 180 pupils in the intervening period up to relocation. The Council's nursery provision continued to be housed in the leisure centre creche up to lockdown. All HLH efforts were much appreciated by school pupils, parents and the Council. Some of the Invergordon Leisure Centre Staff are retained personnel with the Scottish Fire and Rescue Service and also attended the fire.

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Lauren Chisholm

Sometimes HLH staff can face challenging circumstances where the very essence of their training is called upon, and not always during the hours of work. These moments can range from minor first aid to serious incidents where HLH staff act as first responders until professional medical assistance arrives.

Lauren Chisholm used the training skill learned on the job in what can only be described as a very challenging situation in which she saved the life of a member of the public, whilst out shopping during her own time. Lauren was nominated by her Facility Manager, Kelly Skinner, and she said the following.

“Lauren has been an employee with HLH for two years now as a Relief Leisure Assistant, Tutor/Coach and most recently a Relief Supervisor. She is currently studying Law in Aberdeen University and works holidays and weekends for us when she can, she is dedicated and enthusiastic and has a head on her shoulders way greater than her young eighteen years! On Friday the 7th February Lauren entered Primark in Aberdeen to see staff carrying out ineffective CPR on a lady. Lauren approached the staff and took over delivering CPR and ensuring that a defib and ambulance was sourced. When staff arrived with the defib they tried to put the defib pads on top of the jumper until Lauren took control of the situation instructing them on exactly what had to be done whilst carrying out CPR herself! The great news was that Lauren managed to get the lady breathing again and then the ambulance team took over. The lady had been shopping with her daughter and grandchild. Lauren waited and saw to the baby whilst the lady and the daughter were taken to the ambulance. Lauren is an incredible young and caring individual going way above what was required of her on this day. An absolute asset to HLH and the team at TRACC.”

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Company No. SC407011

**Trustees' and Directors' Report – including the Strategic Report
at 31 March 2020**

The Trustees, who are also the Directors of the Company for the purposes of Company law, present their report and the group financial statements for the year to 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Company's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Formation of High Life Highland

High Life Highland is a charitable Company limited by guarantee, registered in Scotland. Its registered office address is 13 Ardross Street, Inverness, IV3 5NS (Company number SC407011, Charity number SC042593). It is a subsidiary of The Highland Council, by virtue of it being the sole member of the company and having the power to appoint its Directors. The Company was formed on 8 September 2011 to deliver a range of community learning and leisure services on behalf of The Highland Council and was registered as a charity on 15 September 2011.

It has one subsidiary Company: High Life Highland (Trading) C.I.C. (Community Interest Company) (Company number SC408067) whose principal aim is to generate funds which will be utilised by the charity in pursuit of its charitable objectives.

Principal activities and objectives

The principal activities of the Company are to develop and promote opportunities in culture, learning, sport, leisure and health and well-being.

The Company's aim is to be acknowledged and respected as the leading organisation for developing and promoting opportunities in these areas and to grow the business in a sustainable way by providing services that the public value and by being viewed as a trusted partner making the Highlands a better place to live, work and visit.

HLH operates across the Highlands of Scotland, currently within the geographical boundary of The Highland Council's administrative area.

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Principal activities and objectives (continued)

The main business of the Company is the delivery of a Service Delivery Contract for The Highland Council across nine areas of work;

- Adult Learning
- Archives
- Arts
- Leisure Facilities
- Libraries
- Music
- Museums
- Sport and Outdoor Education
- Youth Work

Directors

The trustees, who are also the Directors for the purposes of Company law, who served the charity during the year, and up to the date of signing the financial statements were:

W Ross
M Tate
D McLachlan
K Nicol
E Macrae
T Ligema
A Jarvie
L Munro
T Heggie
M Golding
J Murray
J Thompson (Appointed 4 August 2020)
D MacPherson (Resigned 18 June 2020)

There are no Directors' interests requiring disclosure under the Companies Act 2006.

The Board consists of 8 independent Directors and 4 Highland Council nominated Directors. The retiral and replacement of the Directors is also governed by the Articles of Association.

The Company has a nominations committee, the purpose of which is to oversee the selection of Directors to the Board and to make recommendations for appointment to the Council. In carrying out its function the committee set an appropriate skills matrix to guide it through the selection and evaluation process. Nominations are sought from a range of appropriate sources. Once appointed, Directors undergo induction and training in line with the established recruitment process for Directors.

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**Trustees' and Directors' Report – including the Strategic Report
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The strategic management and policy decisions of the Company are the responsibility of the Board of Directors who are elected under the terms of the Company's Articles of Association. The day to day management of the Company is the responsibility of the Chief Executive, Steve Walsh in consultation with the appointed Service Directors; Director of Sport and Leisure, Douglas Wilby; Director of Inverness Castle, Fiona Hampton; Director of Culture & Learning, John West and Director of Corporate Services, James Martin. The pay of key management personnel is part of the Highland Council Payscale, subject to NJC national agreement.

The Company has an established Finance and Audit committee the purpose of which is to assist the Board of Directors in fulfilling its responsibilities with regard to the Company's financial reporting, Audit and the company's internal control procedures including risk management. The Company has a Chief Executive Performance Review Committee whose remit is to agree the annual performance objectives and targets of the Chief Executive.

Our advisors

Our advisors are listed on page 2.

Objectives and activities

The Company has identified eight business outcomes which form the basis of its work. These business outcomes shape and inform the operational plans for each of the nine services. The eight business outcomes identified are:

- To advance sustainable growth and financial sustainability
- Deliver the Service Delivery Contract with THC
- Improving staff satisfaction
- Improving customer satisfaction
- A positive Company image
- Services designed around customers and through market opportunities
- Sustain a good health and safety performance
- A trusted partner

In striving to achieve these outcomes, the Company has regard to five core values:

- To act legally
- To be non-discriminatory
- To be a good employer
- To have a safe environment for staff and users
- To take steps to reduce our environmental impact

On 8 September 2011 the responsibility for the delivery of culture and leisure services on behalf of The Highland Council was entrusted to HLH. The transfer process involved the transfer of the employment of in excess of 800 employees and the assumption of the management of over 117

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buildings and 80 open spaces. Ownership of all the buildings and open spaces is retained by The Highland Council. The fixtures and fittings within these buildings were sold by The Highland Council to High Life Highland for £1.

Results and Performance

Full details of the results are included in the Strategic Report.

Disabled employees

The Company and group give full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Investment policy

The Directors are governed by the Memorandum and Articles which permit funds to be invested as the Directors see fit.

Reserves policy

The purpose of the reserve policy is to advance the charitable objectives of the Company with the Directors agreeing a long-term target of 3% of the total budget for reserves. In the current economic climate with the company's ability to generate income limited due to lockdown measures and a deficit forecast in financial year 2021/22, it is likely that a significant portion of unrestricted reserves will be required to be utilised.

The total reserves held at year end excluding the pension liability of £9,730,000 (2019 - £12,275,000) was £1,083,063 (2019 - £1,563,501), of which £791,055 (2019 - £1,220,502) was unrestricted and £292,008 (2019 - £342,999) was restricted.

Of the £791,055 unrestricted reserves, £139,715 has been designated for capital works at Inverness Leisure following the amalgamation of Inverness Leisure and HLH on 1st April 2016. The following chart illustrates the breakdown of reserves as at 31st March 2020:

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**Trustees' and Directors' Report – including the Strategic Report
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Plans for the future

The Company's Business Plan covering the period to March 2024 sets out its objectives and plans for the future. Included within the Business Plan is an Operational Plan which is used to guide activity across the company in a co-ordinated, measurable way.

Due to disruption caused by the Covid 19 pandemic, a facilitated session for Directors of HLH Trading, the main charity Board and officers will be held in October 2020 to review both Business and Operational plans.

Key areas of focus

The Board of Directors in reviewing the Company's opportunities for growth and potential new business have prioritised the following areas:

- The Preventative Health Agenda;
- The HLH Tourism Offering;
- Other Management Portfolios; and
- Extension of the High Life Membership Scheme.

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STRATEGIC REPORT

Review of the Business

During the year a number of key projects were undertaken and key achievements realised in line with the Company's Business Plan.

Following the imposition of lockdown measures from 23rd March 2020 all HLH offices and facilities closed on 20th March with the majority of staff placed on furlough leave as part of the Government's Job Retention Scheme.

The Senior Management Team and a small core of staff continued working in order to maintain closed facilities and provide service provision where possible. Without being able to interact with customers in person, the use of technology proved essential. Youth Workers and Adult Learning teams were able to interact with their clients through video conferencing while the Leisure team were able to provide online fitness classes. Music tutors provided tuition throughout, maintaining a vital service for young people in lockdown.

Volunteers played an important role in helping deliver services across the Highlands. HLH has over 1,700 volunteers working with staff in Sport, Libraries, Adult Education and Youthwork to improve health and wellbeing through activities such as team sports, reading groups, digital skills classes and youth clubs.

Whilst on furlough, a significant number of staff volunteered for local humanitarian hubs providing support to vulnerable members of the community.

Culture

- In January, Nucleus, the Nuclear and Caithness Archives in Wick, achieved Accredited Archive Status supporting the ongoing development of their service against a nationally agreed standard.
- In partnership with a local hotel Highland Folk Museum delivered regular 'behind the scenes' collections tours throughout the winter months when the museum is usually shut. In addition to creating new access to the collections these tours earned just over £3k.
- Led by the Museums' Service, the House of Memories and Shinty Memories projects made a significant contribution to improving the lives of people throughout the Highlands living with dementia and established a new working relationship with NHS Highland.
- Hosting the Natural Selection exhibition at Inverness Museum & Art Gallery (IMAG) enhanced the professional standing of the gallery whilst attracting £16,000 in grant funding for community engagement which enabled the exhibition to reach new audiences.

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- Archives delivered 341 events across its four centres, with which 5,429 customers engaged. These included stands at Highland Games and Clan Gatherings at various locations throughout the Highlands to participation in Doors Open Day and the Inverness Science Festival Family Fun Day.

Libraries

- HLH library staff delivered a workshop in Glasgow around the role of libraries in promoting health and wellbeing. The full day event was lead by the Scottish Library Information Council in partnership with NHS Scotland and Health and Social Care Alliance Scotland.
- Libraries received a total of 2,819,414 visits, an overall annual increase of 14.6%.
- HLH libraries hosted a Highland-wide shared practice Bookbug Event in collaboration with The Scottish Booktrust. The event was attended by 80 early years practitioners, healthcare workers and library staff, the largest attendance numbers of any shared-practice Bookbug event across Scotland.
- There were 411,000 participants at Library events, an increase of 1,000 on the previous year.

Sports & Outdoor Activities

- More than 1,600 volunteers assisted the Active Schools Team in organising activities throughout the Highlands.
- In partnership with the University of the Highlands and Islands, the HLH Leadership team developed 'Choose to Lead', an in-house qualification offering leadership opportunities for young people aged 12-25.
- The Rangers Service delivered 'Short Walks into Nature' promoting the health benefits of outdoor exercise.
- £216,840 in funding was secured from the European Union LEADER programme and Scottish National Heritage for the Green Health Events project, delivering a series of outdoor events and activities to help improve and sustain the health and wellbeing of participants through improved access and use of outdoor spaces.
- Glenfinnan Bunkhouse was refurbished, increasing the accommodation capacity of the Outdoor Activities Service.
- Following a survey of users which highlighted demand for alternatives to traditional sports, the Active Schools team developed a programme of physical activity opportunities.

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Facilities – Leisure

- Love to Train small group fitness classes were introduced, expanding the offering to leisure customers.
- Highlife income increase by 3% on the previous year to £6.76M
- Funding was secured for the Grow Project at Inverness Botanic Gardens providing opportunities in practical horticulture for adults with a learning disability.

Youth Work

- Over 1,000 young people, supported by the HLH Youth team and a range of partners, contributed to the co-production of YouthWorksHighland 2019-2024, the Highland Strategy for Youth Work. Recognised nationally by Youthlink Scotland, its central purpose is to ensure that a positive difference is made with, by and for young people through youth work.
- One to one engagements increased by 47% reflecting a more targeted approach in meeting the increasing health and wellbeing needs of young people.
- Partnerships with Eden Court, Moniack Mhor and Who Cares? Scotland achieved significant positive outcomes for care experienced young people through improved coordination of learning opportunities.
- External funding was secured to create three full-time posts in Caithness providing additional support to vulnerable young people in improving their educational achievements and outcomes.

Adult Learning

- Family learning in deprived communities was supported through a variety of projects including garden allotments, family cooking, health and nature walks and bush-craft activities in partnership with Countryside Rangers, Active Schools Coordinators and the Youth Work Team.
- Customer visits increased by 4% with 16,062 attendances.
- Adult Learning Coordinators supported 20 learners in achieving the PDA Support Adult Literacies Learning SCQF level 6 qualification, enabling them to assist with tutoring other adults in numeracy and literacy
- The Adult Learning Team contributed to Community Planning Partnerships through engagement with partners on local plans identifying priority target groups and gaps in provision.
- Hosted by the University of the Highlands and Islands and co-ordinated by the Adult Learning Team, The Highland Adult Learning Partnership conference attracted 70

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learners and provided workshops and tutorials for adults wishing to improve their numeracy and literacy skills.

Health & Wellbeing

- HLH played an important role in the development and implementation of a range of projects and programmes supporting improving the health of the population and reducing inequalities in Highland.
- HLH worked closely with a range of partners to deliver health and wellbeing outcomes including the local Health Board with a jointly funded post of Health and Wellbeing Manager leading on partnership work between HLH and NHS Highland.
- One key area of work involved the development of activities aimed at older adults that helped reduce social isolation and loneliness and support physical and mental health and wellbeing, including various exercise and physical activity opportunities in leisure centres as well as activities in libraries such as arts and crafts. An average of nine hundred people per month participated with each participant attending an average of three and a half sessions per month.
- In partnership with Macmillan Cancer Support, the Move More programme continued to support people affected by cancer by encouraging them to become more physically active. High Life Highland was able to support over sixty people with cancer through a wide range of physical activity opportunities from walking groups and gentle movement to circuit classes in leisure centres.
- Specialist exercise classes were provided in leisure centres for people with Parkinson's disease, helping them to keep active. An average of fifty people attended the classes per week.

Music Tuition

- Funding from the Scottish Schools Pipe Band Trust was secured to create a full-time Pipe Band Drumming instructor post, increasing teaching provision in the north east Highlands.
- Pupil numbers and tuition fee income continued to grow peaking at 3,600 pupils learning a musical instrument.
- The Inverloch Primary Band Project was developed, involving two classes performing in the Lochaber area.
- The Music Tuition Service's social media platform was enhanced to facilitate greater awareness and engagement within the community.

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Key Performance Indicators

The Finance and Audit Committee is responsible for developing and setting performance indicators for each of the business outcomes, which are reported to the Board.

Non-Financial KPI's reported throughout the year:

	2020	2019
Customer Visits	8,876,161	8,303,543
High Life Subscriptions (monthly average for year)	20,259	21,608
Average Monthly Staff Turnover	0.53%	0.47%
Average Staff Absence Rate	3.3	3.66
Positive Media Clippings	381	337
Neutral Media Clippings	83	114
Negative Media Clippings	64	24
Number of Complaints Received	51	51
RIDDOR Accidents/Incidents	3	3

In addition there are four non-numeric performance indicators as follows:

- Delivery of the Service Delivery Contract (SDC) with The Highland Council (THC) – this is assessed twice per year by THC and the Council's Care, Learning and Housing Committee agreed on both occasions that HLH had met or exceeded the requirements set out in the Service Delivery Contract.
- Customer surveys – all nine areas of HLH work carried out customer surveys in 2019/20.
- Health and safety audit – the annual external health and safety audit found that there were no companywide actions required.
- THC's annual survey of performance and attitudes – the Board noted the positive contributions which it made to THC's annual survey of performance and attitudes.

Results and Performance

The Trustees are satisfied with the level of results achieved during the year and the financial position at year end.

During the year ended 31 March 2020, the charity has been able to deliver and develop its services and recorded a surplus of £2,064,562 (2019 deficit - £5,656,393) after allowing for the actuarial gain posted through the statement of financial activities of £5,670,000 (2019 loss – £2,475,000) on the pension fund for the year ended 31 March 2020.

If the impact of the pension liability, including the service cost and the actuarial loss, is excluded, as detailed within Note 22 to the financial statements, the group recorded a deficit from operations of £480,438. The 2019/20 revenue budget planned for a deficit of £361,276 utilising

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unrestricted and restricted reserves. This included utilising £310,285 of the Inverness Leisure designated fund and £50,991 of restricted reserves. The final deficit is therefore a £119,162 negative variance to the budgeted position.

The Trading Company recorded a profit of £487,959 for the year (2019 - £574,215), of which £487,959 (2019 - £574,215) was donated to the Charity in the furtherance of its charitable objectives.

The Company's revenue stream is largely tied to the terms of its Service Delivery Contract with The Highland Council. Under the terms of that contract, there is a direct linkage between the level of service required by the Council and the amount of funding provided to the Company to deliver those services.

The onset of the Covid 19 pandemic in March resulted in a loss of income, particularly in leisure facilities with customer numbers substantially lower in comparison with the same period in the previous year. The consequent loss of income was mitigated through funding from the Government's Job Retention Scheme (JRS), resulting in the charity's year-end position being largely as predicted prior to the pandemic.

With lockdown restrictions continuing into the new financial year, this will substantially affect the charity's ability to generate funds. While funding from The Highland Council and grant providers including sportscotland and Creative Scotland has been assured, earned income from activities including leisure and museums will be severely restricted. The majority of staff will remain on furlough whilst facilities remain closed, mitigating the loss of income through support from the Government's JRS. In addition, the reduction in activity will generate savings in staff and other operating costs. Taking these factors into account and assuming that leisure facilities will be able to reopen from September 2020, a deficit of circa £1.5M is forecast for financial year 2021/21.

The Highland Council, as the parent company of HLH, has provided a letter of comfort acknowledging the negative financial impact of Covid 19 and giving assurance that it will work with HLH to access any available funds and support the charity to ensure its ongoing financial sustainability.

As the in-year financial position continues to stabilise, priority is shifting from in-year mitigation to longer-term strategic planning. However, the external environment remains uncertain, with the macro-economic situation still to evolve into a post-pandemic stable position. This, coupled to the fact that the recovery process will take time with restrictions potentially reducing the capacity of facilities well into financial year 2021/22. However, it is envisaged that activity and income levels will increase gradually through 2021/22, returning to pre-pandemic levels in 2022/23. Depending on the level of financial support available, there could be a requirement to review, in conjunction with The Highland Council, the level of service provision specified in the Service Delivery Contract with a view to reducing costs to a sustainable level.

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The Directors consider that, whilst recognising the significant financial challenges ahead, with assurance of support from The Highland Council the company has access to sufficient funds to continue as a going concern for the next 12 months.

At the year-end the Company has a deficit on its balance sheet of £8,647,937 (2019 – 10,711,499) including the actuarial adjustment. As explained above, there is a linkage between the level of service required and the funding provided. The future level of contributions to the pension fund has been agreed by the Company and The Highland Council in conjunction with the scheme's actuaries with the aim of bringing the pension fund into surplus as soon as practicable.

Risks and Uncertainties

The Company maintains a comprehensive risk register which is reviewed monthly by Senior Managers and is reported to Finance and Audit Committee on a quarterly basis with an annual review by the Board.

The Company identifies the closure of facilities and the consequent loss of income as the principal risk facing the Company.

Statement of trustees' and Directors' responsibilities

The Directors are responsible for preparing the Trustees' and Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the surplus or deficit of the group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 group will continue in business; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply

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with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement as to disclosure of information to auditors

The Directors who are members of the Board at the time of approving the Directors' report are listed on page 2. Having made enquiries of fellow Directors and of the Company's auditors, each of the Directors confirms that:

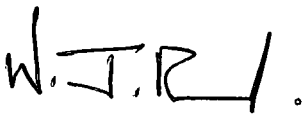
- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Saffery Champness, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In signing this report, the Trustees confirm that they have approved the strategic report in their capacity as Company Directors of High Life Highland Limited.

This report was approved by the Board and signed on its behalf.



W.J (Ian) Ross, OBE
Director

Date: 27/08/20.

Independent auditor's report
To the members of High Life Highland

Charity number: SC042593
Company number: SC407011

Opinion

We have audited the financial statements of High Life Highland for the year ended 31 March 2020 which comprise the group statement of financial activities, charity statement of financial activities, group balance sheet, charity balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 March 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which describes the impact of the Coronavirus pandemic on the future of the group and parent charitable company.

As stated in note 1.2, there is uncertainty as to the amount and availability of future funding to cover the downturn in revenue during the lock-down and recovery periods. This indicates that a material uncertainty exists that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent auditor's report (continued)
To the members of High Life Highland

Charity number: SC042593
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Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 35, 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, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report (continued)
To the members of High Life Highland

Charity number: SC042593
Company number: SC407011

Use of our report

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, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery Champness LLP

Donald Forsyth (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

27 August 2020

Kintail House
Beechwood Park
Inverness
IV2 3BW

		Unrestricted funds	Restricted funds	2020 total	As restated 2019 total
	Note	£	£	£	£
Income from:					
Donations and legacies	4	2,242,824	-	2,242,824	-
Charitable activities	5	26,909,410	2,103,012	29,012,422	30,833,402
Other trading activities	6	1,921,679	-	1,921,679	1,913,920
Total income		31,073,913	2,103,012	33,176,925	32,747,322
Expenditure on:					
Raising funds	6	1,433,720	-	1,433,720	1,339,705
Charitable activities	7	33,194,640	2,154,003	35,348,643	34,589,010
Total expenditure		34,628,360	2,154,003	36,782,363	35,928,715
Net income/(expenditure)		(3,554,447)	(50,991)	(3,605,438)	(3,181,393)
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	20	5,670,000	-	5,670,000	(2,475,000)
Net movement in funds		2,115,553	(50,991)	2,064,562	(5,656,393)
Reconciliation of funds:					
Total funds brought forward (as restated)		(11,054,498)	342,999	(10,711,499)	(5,055,106)
Total funds carried forward		(8,938,945)	292,008	(8,646,937)	(10,711,499)

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 38 to 61 form part of these financial statements.

		Unrestricted funds	Restricted funds	2020 total	As restated 2019 total
	Note	£	£	£	£
Income from:					
Donations and legacies	4	2,730,783	-	2,730,783	574,215
Charitable activities	5	26,909,410	2,103,012	29,012,422	30,833,402
Total income		29,640,193	2,103,012	31,743,205	31,407,617
Expenditure on:					
Charitable activities	7	33,194,640	2,154,003	35,348,643	34,589,010
Total expenditure		33,194,640	2,154,003	35,348,643	34,589,010
Net income/(expenditure)		(3,554,447)	(50,991)	(3,605,438)	(3,181,393)
Transfers between funds		-	-	-	-
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	20	5,670,000	-	5,670,000	(2,475,000)
Net movement in funds		2,115,553	(50,991)	2,064,562	(5,656,393)
Reconciliation of funds:					
Total funds brought forward		(11,054,498)	342,999	(10,711,499)	(5,055,106)
Total funds carried forward		(8,938,945)	292,008	(8,646,937)	(10,711,499)

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

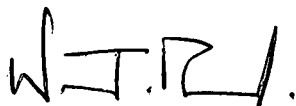
The notes on pages 38 to 61 form part of these financial statements.

Group balance sheet
As at 31 March 2020

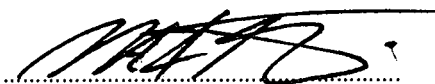
Charity number: SC042593
Company number: SC407011

		2020		As restated 2019	
	Note	£	£	£	£
Fixed assets					
Tangible assets	11		202,376		250,992
Current assets					
Stocks	13	114,756		116,818	
Debtors	14	6,239,363		6,612,016	
Cash at bank and in hand		21,877		19,468	
		<u>6,375,996</u>		<u>6,748,302</u>	
Creditors: amounts falling due within one year	15	(5,495,309)		(5,435,793)	
Net current assets			<u>880,687</u>		<u>1,312,509</u>
Net assets excluding pension liability			<u>1,083,063</u>		<u>1,563,501</u>
Defined benefit pension scheme liability	20		(9,730,000)		(12,275,000)
Net liabilities			<u>(8,646,937)</u>		<u>(10,711,499)</u>
Funds					
Unrestricted funds	17		791,055		1,220,502
Restricted funds	18		292,008		342,999
Pension reserve	20		(9,730,000)		(12,275,000)
Total funds			<u>(8,646,937)</u>		<u>(10,711,499)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



Director



Director

Date: 27/08/20

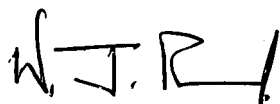
The notes on pages 38 to 61 form part of these financial statements.

Company balance sheet
As at 31 March 2020

Charity number: SC042593
Company number: SC407011

	Note	2020 £	As restated 2019 £
Fixed assets			
Tangible assets	11	202,376	250,992
Investments	12	100	100
		<u>202,476</u>	<u>251,092</u>
Current assets			
Stocks	13	15,728	15,785
Debtors	14	6,338,291	6,712,949
Cash at bank and in hand		21,877	19,468
		<u>6,375,896</u>	<u>6,748,202</u>
Creditors: amounts falling due within one year	15	(5,495,309)	(5,435,793)
Net current assets		<u>880,587</u>	<u>1,312,409</u>
Net assets excluding pension liability		<u>1,083,063</u>	<u>1,563,501</u>
Defined benefit pension scheme liability	20	(9,730,000)	(12,275,000)
Net liabilities		<u>(8,646,937)</u>	<u>(10,711,499)</u>
Funds			
Unrestricted funds	17	791,055	1,220,502
Restricted funds	18	292,008	342,999
Pension reserve	20	(9,730,000)	(12,275,000)
Total funds		<u>(8,646,937)</u>	<u>(10,711,499)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



Director



Director

Date: 27/08/20

The notes on pages 38 to 61 form part of these financial statements.

1 Accounting policies

Company information

High Life Highland is a company limited by guarantee and incorporated in Scotland. The registered office is 13 Ardross Street, Inverness, IV3 5NS.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value.

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

1.2 Going concern

The Board of Directors recognise the significant financial challenges ahead due to the loss of revenue from its operations during lock-down and the likelihood of lower than normal levels of revenue for the duration of the recovery. The group has two main sources of income:

a) revenue funding provided by The Highland Council under a contract running to 2036. This funding from The Highland Council is agreed annually. The funding for the year to 31 March 2021 is agreed at £14,419,171. The funding for the year to 31 March 2022 is due to be agreed in January 2021 and is anticipated to be at the same level as financial year 2020/21. The funding for future years is subject to review, and

b) revenue generated from its operations. Due to Covid-19 the group's facilities have been closed to the public since 28 March 2020. In accordance with government guidance, the group's facilities are due to begin re-opening from 31 August 2020.

The group engaged an external marketing organisation to conduct a survey of its members. Almost 70% of respondents indicated that they intend to return the group's facilities immediately upon re-opening or as soon as they have seen how the group is complying with government regulations.

1.2 Going concern (continued)

We have prepared financial forecasts for the group which are based on prudent assumptions; informed by the survey of members and other industry intelligence. Even so, it is difficult to forecast revenue from operations with any degree of certainty; coming out of lock-down is a new experience and the risk of a second national, or local, lock-down impacting our future trading, remains and is beyond our control.

High Life Highland plays a vital role in communities throughout the Highlands providing services essential to the wellbeing of its inhabitants as well meeting Public Service Obligations on behalf of The Highland Council. Although the Board has received written assurances from the Highland Council that it will work with High Life Highland to minimise any losses incurred and to access any available external funding to mitigate and minimise financial losses because of closures, cancellations and downturn due to the crisis, there remains a material uncertainty as to the amount of and availability of future funding to cover the downturn in revenue during the lock-down and recovery periods.

Having due regard to the above, the Board of Directors is confident that the level of funding from The Highland Council when taken together with other anticipated revenues will be sufficient to enable the group to continue trading and meets its obligations as they fall due for a period of at least 12 months from the date of signing these financial statements and as such have prepared the financial statements on the going concern basis.

1.3 Group financial statements

The consolidated accounts incorporate the accounts of the company and its subsidiary undertaking for the year ended 31 March 2020.

1.4 Incoming resources

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.

Donation of services is recognised in the accounts at the amount that the charity would pay in the open market for an alternative item that would provide an equivalent benefit to the charity as the donated service.

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.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1.5 Resources expended

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:

- Costs of raising funds comprise the costs of commercial trading activities, including retail and catering facilities at sites operated by High Life Highland.
- Expenditure on charitable activities includes all the costs on activities undertaken to further the purposes of the charity and their associated support costs.

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. Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

1.6 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for a particular purpose. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.7 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employees 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.

1.7 Employee benefits (continued)

Pension costs

The charity participates in The Highland Council Pension Fund, a defined benefit scheme. The assets of the scheme are held separately from those of the charity in an independently administered trust. The fund is valued every three years by a professionally qualified independent actuary and is updated at each balance sheet date with contribution payments made to the plan to ensure that the plan's assets are sufficient to cover future liabilities. Pension plan assets are measured using market values. Pension plan liabilities are measured using the projected unit method and discounted by the yield available on long-dated high quality corporate bonds. The amounts charged to the statement of financial activities in respect of the defined benefit scheme are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the costs have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on assets are charged to resources expended. Actuarial gains and losses are recognised immediately in the statement of financial activities.

1.8 Fixed assets

The ownership of the buildings and open spaces managed by the charity is retained by The Highland Council. As part of the transfer process undertaken on 1 October 2011, the contents and equipment within these buildings was sold by The Highland Council to High Life Highland for £1. This amount was expensed in the year ended 31 March 2012.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Plant and equipment	10% to 20% per annum straight line basis
Fixtures and fittings	10% to 20% per annum straight line basis

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value with proper provision being made for obsolete and slow moving stock. Cost comprises the invoiced price of goods and materials purchased on a first in first out basis.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any discounts due.

1.12 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

1.13 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.14 Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

1.15 Taxation

Income is stated net of VAT and expenditure includes VAT where this is not recoverable.

The group's financial statements include the relevant corporation tax in respect of the subsidiary undertaking.

1.16 Cash flow statement

The financial results of the charity are consolidated into those of The Highland Council and consequently the company has taken advantage of the exemption available under FRS 102 from preparing a cash flow statement under the requirements of section 7 - Statement of Cash Flows and section 3 - Financial Statement Presentation paragraph 3.17d.

2 Legal status of the charity

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.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The judgement surrounding the ability of the group and parent charitable company to continue as a going concern is discussed in note 1.2.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Pension

The charity participates in The Highland Council Pension Fund, a defined benefit scheme. The amounts charged to the statement of financial activities in respect of the defined benefit scheme are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on assets are charged to resources expended. Actuarial gains and losses are recognised immediately in the statement of financial activities.

4 Income from donations and legacies (group and company)

	2020		2019	
	Group	Charity	Group	Charity
	£	£	£	£
Gift aid donation from subsidiary	-	487,959	-	574,215
Donation of services - overheads	2,242,824	2,242,824	-	-
	<u>2,242,824</u>	<u>2,730,783</u>	<u>-</u>	<u>574,215</u>

All income from donations and legacies in the current and prior year was unrestricted.

Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC042593
Company number: SC407011

5 Income from charitable activities (group and company)

	Unrestricted funds £	Restricted funds £	2020 total £	2019 total £
Management fee - The Highland Council	14,469,637	-	14,469,637	16,797,727
Other grants	415,759	2,017,490	2,433,249	2,152,853
Delivery of service delivery contract	12,024,014	85,522	12,109,536	11,882,822
	<u>26,909,410</u>	<u>2,103,012</u>	<u>29,012,422</u>	<u>30,833,402</u>

Income from charitable activities was £29,012,422 (2019 - £30,833,402) of which £26,909,410 (2019 - £28,985,754) was unrestricted and £2,103,012 (2019 - £1,847,648) was restricted.

6 Income from other trading activities (group)

The wholly owned subsidiary, High Life Highland (Trading) C.I.C., is a company registered in Scotland (registration number SC408067) which provides retail and catering facilities at sites operated by High Life Highland.

A summary of the trading results is shown below:

	High Life Highland (Trading) C.I.C.	
	2020 £	2019 £
Turnover	1,921,679	1,913,920
Cost of sales and administrative expenses	(1,414,720)	(1,339,705)
Profit before taxation	<u>506,959</u>	<u>574,215</u>
Taxation	(19,000)	-
Net profit for the year	<u><u>487,959</u></u>	<u><u>574,215</u></u>

Distributions paid to the parent charity under the gift aid scheme were £487,959 (2019 - £574,215).
Expenditure on raising funds included in the group statement of financial activities on page 34 includes cost of sales, administrative expenses and taxation amounting to £1,433,720 (2019 - £1,339,705).

6 Income from other trading activities (group) (continued)

	High Life Highland (Trading)	
	2020	C.I.C. 2019
	£	£
The assets and liabilities of the subsidiary were:		
Current assets	99,028	101,033
Creditors: amounts falling due within one year	(98,928)	(100,933)
Net assets	100	100
Capital and reserves	100	100

7 Expenditure on charitable activities (group and company)

	Unrestricted funds £	Restricted funds £	2020 total £	As restated 2019 total £
Wages and salaries	23,065,076	1,726,761	24,791,837	23,422,316
Adjustment to pension charge	2,780,000	-	2,780,000	2,773,000
Property costs	765,788	17,263	783,051	832,104
Travel and transport	459,972	45,269	505,241	445,219
Supplies and services	5,365,308	342,330	5,707,638	6,273,177
Third party payments	261,493	19,113	280,606	446,024
Depreciation	131,504	3,267	134,771	155,999
Expected return on pension scheme asset	(910,000)	-	(910,000)	(831,000)
Interest on pension scheme liabilities	1,255,000	-	1,255,000	1,046,000
Audit and accountancy fees	18,850	-	18,850	24,625
Directors' expenses reimbursed	1,649	-	1,649	1,546
	33,194,640	2,154,003	35,348,643	34,589,010

Expenditure on charitable activities was £35,348,643 (2019 restated - £34,589,010) of which £33,194,640 (2019 restated - £32,707,905) was unrestricted and £2,154,003 (2019 - £1,881,105) was restricted.

Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC042593
Company number: SC407011

8 Net income/(expenditure) for the year

	2020	2019
	£	£
<i>This is stated after charging:</i>		
Fees payable to the group's auditor:		
Audit of High Life Highland	14,000	18,125
Audit of High Life Highland (Trading) C.I.C.	2,000	2,000
Preparation of financial statements	2,000	3,000
Tax compliance	850	1,500
Operating lease rentals	165,205	421,145
Depreciation	134,771	155,999

9 Trustee remuneration

The trustees are not entitled to any emoluments during the year. Travel expenses totalling £1,649 (2019 - £1,546) were reimbursed to 3 trustees during the year (2019 - 2).

Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC042593
Company number: SC407011

10 Analysis of staff costs and the cost of key management personnel

	2020 £	2019 £
Wages and salaries	20,055,101	19,045,013
Social security costs	1,445,084	1,341,768
Pension costs	3,070,802	2,878,753
	<u>24,570,987</u>	<u>23,265,534</u>

In 2019/20 the employer's contribution rate was 19.5% of pensionable pay.

The average weekly number of employees during the year was as follows:

	2020 Number	2019 Number
Management	5	5
Support services	37	37
Operations	1,396	1,399
	<u>1,438</u>	<u>1,441</u>

The number of employees remunerated at a rate of over £60,000 per annum was as follows:

	2020 Number	2019 Number
£60,001 - £70,000	1	2
£70,001 - £80,000	3	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the group comprise the trustees, the Chief Executive, the Director of Sport and Leisure, the Director of Corporate Services, the Director of Inverness Castle and the Director of Culture and Learning. The total employee benefits of the key management personnel of the group was £367,956 (2019 - £314,961).

Redundancies and terminations

The total amount charged for the year in relation to redundancies and terminations was £22,039 (2019 - £2,654). All amounts were fully paid in the year and therefore there are no liabilities at the balance sheet date.

Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC042593
Company number: SC407011

11 Tangible fixed assets (group and company)

	Plant and equipment £	Fixtures and fittings £	Total £
Cost			
At 1 April 2019	1,181,835	10,431	1,192,266
Additions	86,155	-	86,155
Disposals	-	-	-
At 31 March 2020	<u>1,267,990</u>	<u>10,431</u>	<u>1,278,421</u>
Depreciation			
At 1 April 2019	930,843	10,431	941,274
Charge for the year	134,771	-	134,771
On disposals	-	-	-
At 31 March 2020	<u>1,065,614</u>	<u>10,431</u>	<u>1,076,045</u>
Net book value			
At 31 March 2020	<u>202,376</u>	<u>-</u>	<u>202,376</u>
At 31 March 2019	<u>250,992</u>	<u>-</u>	<u>250,992</u>

12 Fixed asset investments

	Shares in subsidiary £
Cost and net book value	
At 1 April 2019 and at 31 March 2020	<u>100</u>

The company holds 100% of the ordinary share capital of High Life Highland (Trading) C.I.C., a company incorporated in Scotland. The activities and results of this company are summarised in note 6.

Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC042593
Company number: SC407011

13 Stocks

	2020		2019	
	Group	Charity	Group	Charity
	£	£	£	£
Goods for resale	114,756	15,728	116,818	15,785
	<u>114,756</u>	<u>15,728</u>	<u>116,818</u>	<u>15,785</u>

The difference between the purchase price or production cost of stocks and their replacement cost is immaterial. Stocks recognised as an expense in the year for the group and the charity were £644,251 (2019 - £624,737).

14 Debtors

	2020		2019	
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	389,981	389,981	291,132	291,132
Prepayments and accrued income	1,294,430	1,294,430	835,622	835,622
Amounts owed by group undertakings	4,554,952	4,653,880	5,485,262	5,586,195
	<u>6,239,363</u>	<u>6,338,291</u>	<u>6,612,016</u>	<u>6,712,949</u>

Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC042593
Company number: SC407011

15 Creditors: amounts falling due within one year

	2020		2019	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	50,386	50,386	177,213	177,213
Other creditors and accruals	1,202,843	1,202,843	2,645,810	2,645,810
Corporation tax	19,000	-	-	-
Amounts owed to group undertakings	4,223,080	4,242,080	2,612,770	2,612,770
	<u>5,495,309</u>	<u>5,495,309</u>	<u>5,435,793</u>	<u>5,435,793</u>

The charity does not operate a bank account. All receipts and payments are made by The Highland Council on behalf of the charity and its subsidiary. High Life Highland has complete control over cash management in that all receipts and payments are accounted for and authorised independently of The Highland Council. High Life Highland is set up as a separate charity in the council's financial system with a separately identifiable intercompany account in the ledger which records all cash transactions. At each year end, a reconciliation is completed and High Life Highland receives interest on the average cash balance held throughout the year. Therefore at any point in time High Life Highland's cash balances can be separately identified from the council through the intercompany account, with all transactions controlled and authorised by High Life Highland management and reported to the trustees.

Included in debtors in note 14 is £4,554,952 (2019 - £5,485,262) due from The Highland Council, which represents income received on behalf of High Life Highland. When this amount is settled, it will be offset against the amounts due to The Highland Council of £4,223,080 (2019 - £2,612,770) for costs paid out on the charity's behalf in the year.

Deferred income

	2020	
	Group	Charity
	£	£
At 1 April 2019	127,866	127,866
Amount deferred in year	57,102	57,102
Amount released to income	(127,866)	(127,866)
At 31 March 2020	<u>57,102</u>	<u>57,102</u>

The deferred income represents grant income for which performance conditions had not been met at the year end and sales invoices raised in advance.

16 Analysis of net liabilities between funds

	Unrestricted funds £	Restricted funds £	Total £
Group			
Fixed assets	189,312	13,064	202,376
Current assets	6,097,052	278,944	6,375,996
Current liabilities	(5,495,309)	-	(5,495,309)
Pension liability	(9,730,000)	-	(9,730,000)
	<u>(8,938,945)</u>	<u>292,008</u>	<u>(8,646,937)</u>
Charity			
Fixed assets	189,412	13,064	202,476
Current assets	6,096,952	278,944	6,375,896
Current liabilities	(5,495,309)	-	(5,495,309)
Pension liability	(9,730,000)	-	(9,730,000)
	<u>(8,938,945)</u>	<u>292,008</u>	<u>(8,646,937)</u>

17 Unrestricted funds

	As restated At 1 April 2019 £	Incoming resources £	Outgoing resources £	Actuarial (loss)/gain £	Transfers £	At 31 March 2020 £
Group						
General fund	770,502	31,073,913	(31,193,075)	-	-	651,340
Pension reserve	(12,275,000)	-	(3,125,000)	5,670,000	-	(9,730,000)
High Life Highland T&C's	250,000	-	(250,000)	-	-	-
Capital works	200,000	-	(60,285)	-	-	139,715
	<u>(11,054,498)</u>	<u>31,073,913</u>	<u>(34,628,360)</u>	<u>5,670,000</u>	<u>-</u>	<u>(8,938,945)</u>

Company

General fund	770,502	29,640,193	(29,759,355)	-	-	651,340
Pension reserve	(12,275,000)	-	(3,125,000)	5,670,000	-	(9,730,000)
High Life Highland T&C's	250,000	-	(250,000)	-	-	-
Capital works	200,000	-	(60,285)	-	-	139,715
	<u>(11,054,498)</u>	<u>29,640,193</u>	<u>(33,194,640)</u>	<u>5,670,000</u>	<u>-</u>	<u>(8,938,945)</u>

Designated funds

As part of the charity combination with Inverness Leisure in 2016, £584,999 of reserves that transferred across were designated for High Life Highland terms and conditions (T&C's) on the TUPE of staff and a further £200,000 of the funds were designated for capital works. Of the £584,999 designated for T&C's, £202,362 was utilised in 2016/17, £132,637 was utilised in 2018/19, and a further £250,000 was utilised in 2019/20. No balance remains in designated funds at 31 March 2020 in relation to T&C's.

Of the £200,000 designated for capital works, £60,285 was utilised in 2019/20. £139,715 remains in the designated funds at 31 March 2020 in relation to capital works.

Notes to the financial statements
For the year ended 31 March 2020

Charity number: SC042593
Company number: SC407011

18 Restricted funds (group and company)

	At 1 April 2019 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 March 2020 £
Coaching	42,681	-	(9,888)	-	32,793
Activity Agreements	31,500	-	-	-	31,500
Sport Scotland	14,305	1,051,093	(1,060,662)	-	4,736
Adult Education	39,252	-	-	-	39,252
Canal Parks	6,000	-	-	-	6,000
Youth Work	149,683	60,132	(170,155)	-	39,660
Dance Studio	323	-	(323)	-	-
Disability Sports Officer	-	18,000	(18,000)	-	-
Youth Music Initiative	-	566,258	(566,258)	-	-
Esmee Fairburn Collection	51,704	-	(39,858)	-	11,846
Townscape Heritage	12,078	-	(167)	-	11,911
MacMillan Move More	(4,527)	67,089	(62,562)	-	-
Well Now	-	23,902	-	-	23,902
Health & Wellbeing Manager	-	26,000	(26,000)	-	-
Creative Learning Network	-	24,825	(11,307)	-	13,518
Art Angel	-	15,950	(15,950)	-	-
Visual Arts and Crafts	-	11,500	(9,528)	-	1,972
Isobel Rhind Project	-	12,000	(12,000)	-	-
Grow Project	-	10,000	-	-	10,000
Fingal Centre Gym Equipm	-	16,331	(3,267)	-	13,064
Business Hub - Inverness Library	-	11,415	(11,415)	-	-
Cycle Friendly Development Fund	-	27,910	-	-	27,910
Shinty Memories Past and Present	-	20,515	(26,292)	-	(5,777)
Caithness and North Sutherland Fund	-	15,144	(15,144)	-	-
Highland Pictish Trail	-	35,000	(5,279)	-	29,721
On the Moors	-	12,500	(12,500)	-	-
Drumming Instructor	-	47,065	(47,065)	-	-
Green Health Events	-	30,383	(30,383)	-	-
	342,999	2,103,012	(2,154,003)	-	292,008

18 Restricted funds (group and company) (continued)

The charity receives funding from a variety of sources for different purposes, all within the overall objectives of the company. The purposes of the above restricted funds are as follows:

- Coaching - To provide support for voluntary sports coaches.
- Activity Agreements - To provide young adults aged between 16 and 19 years old with the necessary skills to prepare them for employment.
- Sport Scotland - Funding received from Sport Scotland to develop, promote and encourage sport in the Highlands.
- Adult Education - Funding received from the European Social Fund in support of the provision of language and support services for inwards migrants to the Highlands.
- Canal Parks - Sinking fund to replace pitch.
- Youth Work - Funding received to provide targeted youth work and services in specific areas of the Highlands.
- Dance Studio - Funding to refurbish the dance studio.
- Disability Sports Officer - Funding received from Disability Sport Ltd to develop and support sport to disabled people in the Highlands.
- Youth Music Initiative - Funding received from Creative Scotland to provide access to high quality music making opportunities for young people and support the development of the youth music sector.
- Esmee Fairburn Collection - Funding received to increase access to the Highland decorative arts collection.
- Townscape Heritage - Funding received to create a digital heritage trail in Inverness.
- MacMillan Move More - Funding received from MacMillan Cancer Support to ensure that people living with cancer are supported to become physically active, both before, during and after their treatment.
- Well Now - Funding received to deliver weight management courses.
- Health & Wellbeing Manager - Contribution received from NHS Highland towards the post of Health & Wellbeing Manager.
- Creative Learning Network - Funding provided by Education Scotland to support Creative Learning Networks, implement Scotland's Creative Learning Plan and champion creativity, the arts and culture in schools and communities.
- Art Angel - Funding provided by Art Angel for National Selection exhibition.
- Visual Arts and Crafts - Funding provided by Creative Scotland to support individuals to develop their creative practice in Visual arts and Crafts and support the cultural infrastructure of the local area.
- Isobel Rhind Project - Funding provided by Technip FMC to provide opportunities for practical horticulture for adults with a learning disability in Tain.
- Grow Project - Funding provided by The David Sutherland Trust to provide opportunities for practical horticulture for adults with a learning disability in Inverness.

18 Restricted funds (group and company) (continued)

- Fingal Centre Gym Equipment - Funding provided by The Highland Council Developers Contributions for the purchase of fitness equipment for the Fingal Centre in Portree.
- Business Hub - Inverness Library - Funding provided by Scottish Library & Information Council to utilise underused spaces in public libraries and promote employability and innovation.
- Cycle Friendly Development Fund - Funding provided by Cycle Scotland to promote cycling as a healthy, sustainable and accessible way to travel to work.
- Shinty Memories Past and Present - Funding provided by Museums Galleries Scotland to promote the long term sustainability of the Shinty Collections held at the Highland folk Museum.
- Caithness and North Sutherland Fund - Funding provided by Caithness & North Sutherland Fund to promote participation in sport.
- Highland Pictish Trail - Funding provided by Heritage Lottery Fund and Highland Council to interpret and promote Highland Pictish heritage.
- On the Moors - Funding provided by the Art Fund and National Fund Acquisitions to purchase On the Moors by Richard Ansell
Drumming Instructor - Funding provided by Scottish Schools Pipes and Drums Trust to fund two Pipe Band Drumming instructors.
- Green Health Events - Funding provided by Highland LEADER and Scottish National Heritage to deliver a series of events and activities to help improve and sustain the health and wellbeing of participants through improved access and use of outdoor spaces.

19 Controlling interest

The company is under the ultimate control of the Highland Council (having regard to the Council's powers as sole member) but without prejudice to the directors' duties under company law and charity law to exercise independent judgement and to further what they consider to be the best interests of the company.

The largest group and the smallest group for which consolidated financial statements are prepared which include High Life Highland is that of The Highland Council. Copies of these financial statements can be obtained from www.hIGHLAND.gov.uk.

20 Pension commitments

The charity is a member of The Highland Council Pension Fund which provides pension benefits under the Local Government Pension Scheme to employees of High Life Highland. Contributions are made to this scheme, on the advice of an independent qualified actuary, to ensure that the plans' assets are sufficient to cover future liabilities. The assets of the scheme are held separately from the charity in an independently administered fund. Contributions are recognised in the statement of financial activities in the period in which they become payable.

The valuation used for the FRS 102 disclosures has been based on rolling forward the value of the employer's liabilities from a starting position of zero at 1 October 2011, allowing for the different financial assumptions required under FRS 102. The valuation used has been based on the most recent actuarial valuation at 31 March 2017, and was updated by the actuary to assess the liabilities of the schemes at 31 March 2020. The assumptions that have the most significant effect on the results of the valuation are those relating to price increases, the rate of increases in salaries and pensions and the discount rate. Scheme assets are stated at their bid value at the balance sheet dates.

With effect from 1 April 2015, a schedule of contributions was put in place to fund the scheme's defined benefits at the current rate of 19.5% p.a. of total payroll.

The assets and liabilities of the schemes are:

	2020	As restated 2019
	£000's	£000's
Fair value of scheme assets	36,896	34,519
Present value of scheme liabilities	(46,608)	(46,774)
Present value of unfunded liabilities	(18)	(20)
Liability in the scheme	<u>(9,730)</u>	<u>(12,275)</u>

The major categories of scheme assets as a percentage of total scheme assets are:

	2020	2019
Equities	66%	70%
Bonds	16%	15%
Property	12%	12%
Cash	6%	3%

20 Pension commitments (continued)

The amounts recognised in the statement of financial activities are analysed as follows:

	2020	As restated 2019
	£000's	£000's
Recognised in the statement of financial activities:		
Current service cost	(6,206)	(5,259)
Past service cost	292	(432)
Interest on obligation	(1,255)	(1,051)
Expected return on scheme assets	910	831
	<u>(6,259)</u>	<u>(5,911)</u>

The principal assumptions at the opening and closing balance sheet date were:

	2020	2019
Rate of salary increases (over life of the scheme)	2.7%	3.4%
Rate of increases in pensions in payment	1.8%	2.4%
Discount rate	2.3%	2.5%
Post retirement mortality:		
	2020	2019
Current pensions at 65 (male)	21.0 yrs	21.9 yrs
Current pensions at 65 (female)	23.2 yrs	24.3 yrs
Future pensions at 65 (male)	22.0 yrs	23.3 yrs
Future pensions at 65 (female)	24.8 yrs	26.1 yrs

20 Pension commitments (continued)

The mortality tables adopted were the 110% SIPA tables allowing for CMI projections with a long term rate of 1.25% per annum. 'Current' disclosures relate to assumptions based on longevity following retirement at the balance sheet date, with 'future' being that relating to an employee retiring in 20 years time. These assumptions will be reconsidered when the next triennial review of The Highland Council Pension Scheme is undertaken.

Change in assumptions at 31 March 2019:

	Approximate % increase to defined benefit obligation	Approximate monetary amount £000's
0.5% decrease in real discount rate	15%	6,903
0.5% increase in salary increase rate	2%	715
0.5% increase in pension increase rate	13%	6,131

Changes in the present value of the defined benefit obligations are analysed as follows:

	2020 £000's	As restated 2019 £000's
Opening defined benefit obligations	46,794	35,840
Current service cost	6,206	5,259
Past service cost	(292)	432
Interest cost	1,255	1,051
Actuarial loss/(gain)	(8,002)	3,605
Benefits paid	(284)	(286)
Contributions by scheme participants	950	894
Estimated unfunded benefits paid	(1)	(1)
	<u>46,626</u>	<u>46,794</u>

20 Pension commitments (continued)

Changes in the fair value of the plan assets are analysed as follows:

	2020 £000's	2019 £000's
Opening fair value of scheme assets	34,519	29,028
Expected return on scheme assets	910	831
Employer contributions	3,133	2,922
Contributions in respect of unfunded benefits	1	1
Contributions by scheme members	950	894
Benefits paid	(284)	(286)
Actuarial gain/(loss)	(2,332)	1,130
Estimated unfunded benefits paid	(1)	(1)
	<u>36,896</u>	<u>34,519</u>

The accumulated amount of actuarial gains and losses recognised in the statement of financial activities was an actuarial gain of £5,670,000 (2019 loss - £2,475,000).

The best estimate of contributions to be paid by the group to the scheme for the year beginning after 31 March 2020 is £3,095,000.

Amounts for the closing and opening balance sheet are as follows:

	2020 £000's	As restated 2019 £000's	2018 £000's	2017 £000's
Fair value of scheme assets	36,896	34,519	29,028	23,003
Present value of defined benefit obligation	(46,626)	(46,794)	(35,840)	(33,875)
Net liability in scheme	<u>(9,730)</u>	<u>(12,275)</u>	<u>(6,812)</u>	<u>(10,872)</u>

21 Obligations under operating leases (group and company)

Future minimum rentals under non-cancellable operating leases are as follows:

	2020 £	2019 £
Within one year	79,788	135,529
In two to five years	67,831	124,579
	<u>147,619</u>	<u>260,108</u>

22 Operating results (excluding the pension liability adjustment)

	Unrestricted funds £	Restricted funds £	2020 total £
Income from:			
Donations and legacies	2,242,824	-	2,242,824
Charitable activities	26,909,410	2,103,012	29,012,422
Other trading activities	1,921,679	-	1,921,679
Total income	<u>31,073,913</u>	<u>2,103,012</u>	<u>33,176,925</u>
Expenditure on:			
Raising funds	1,433,720	-	1,433,720
Charitable activities	33,194,640	2,154,003	35,348,643
Less: pension adjustment	(3,125,000)	-	(3,125,000)
Total expenditure	<u>31,503,360</u>	<u>2,154,003</u>	<u>33,657,363</u>
Net income/(expenditure)	<u>(429,447)</u>	<u>(50,991)</u>	<u>(480,438)</u>
Transfers between funds	-	-	-
Surplus/(deficit) from operations	<u>(429,447)</u>	<u>(50,991)</u>	<u>(480,438)</u>

The operating results for High Life Highland for the year ended 31 March 2020, excluding the pension adjustment, report an overall deficit of £480,438 of which £429,447 is in unrestricted funds and £50,991 is in restricted funds.

23 Prior year adjustment

The adjustment impacts the prior year ended 31 March 2019. Adjustments have been made to expenditure on charitable activities which was understated by £437,000 and the defined benefit pension scheme liability which was understated by £437,000. The adjustment relates to changes in view of the McCloud ruling whereby due to court judgement the contingent liability previously used was now deemed to have crystallised and this liability needed to be included in the accounts. Updated actuarial reports were therefore issued to reflect this and they did not get incorporated in the accounts to 31 March 2019 at the time of signing.

The adjustment increased expenditure on charitable activities in the Statement of Financial Activities by £437,000 and increased the defined benefit pension scheme liability on the Balance Sheet by £437,000.