

# ACTIVE NORTHUMBERLAND

England & Wales · Charity number 1153198

## Details

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**Status** Registered

**Legal form** Charitable company

**Company number** [08484436](#)

**Registered** 2013-08-01

**Register** [View on the Charity Commission register](#)

## Contact

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**Website** [WWW.CONNECTINSOLVENCY.COM](http://WWW.CONNECTINSOLVENCY.COM)

## Activities

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**Objects:** TO PROVIDE OR ASSIST IN THE PROVISION IN THE INTERESTS OF SOCIAL WELFARE OF FACILITIES FOR RECREATION AND OTHER LEISURE TIME OCCUPATION FOR THE GENERAL PUBLIC IN OR IN CONNECTION WITH NORTHUMBERLAND AND THE SURROUNDING AREA

**Activities:** The charity will provide sport and leisure activities, and promote health and fitness.

## Classification

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- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services
- **What:** Amateur Sport, Recreation
- **Who:** The General Public/mankind

## Geography

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- Northumberland

## Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31		-	-	-
2024-03-31	£20,099,898	£21,495,777	£137,343	860
2023-03-31	£17,712,513	£18,273,960	£1,496,222	811
2022-03-31	£15,173,850	£15,927,577	£-1,039,331	697
2021-03-31	£11,977,660	£12,547,752	£-5,013,604	787
2020-03-31	£15,839,239	£16,558,245	£-2,590,512	1020

## Trustees

Name	Role	Appointed
<b>David Hall</b>	Chair	2015-10-19
David James Carss		2021-10-15
Jamie Michael Chapman		2021-10-15
Jane Riley		2018-09-21
Karla Sweeney		2021-04-01
Malcolm John Lawrence Copland		2018-09-21
Steve Crosland		2018-09-21

**ACTIVE NORTHUMBERLAND**

England & Wales - Charity number 1153198

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# Accounts

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**Company Registration Number: 08484436 (England and Wales)**

**Charity Registration Number: 1153198**

**Active Northumberland**  
**(a Company limited by guarantee and not having a share capital)**

**Trustees' Annual Report and Financial Statements**

**For the Year Ended 31 March 2024**



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## Legal and Administrative Information for the year ended 31 March 2024

<b>Trustees</b>	David Hall (Chair)	
	Jane Riley (Vice Chair)	
	Steve Crosland (Vice Chair)	
	Malcolm Copland	
	Jamie Chapman	
	Brian Welsh	Resigned 8 December 2023
	Emma Williams	Resigned 14 November 2023
	Helen Wilcox	Resigned 11 October 2023
	James Carss	

**Secretary** Karla Sweeney

**Chief Executive** Mark Warnes

**Company** 08484436

**Charity number** 1153198

**Registered Office** Fernwood House  
Fernwood Road  
Jesmond  
Newcastle upon Tyne  
NE2 1TJ

**Bankers** The Co-operative Bank  
Norfolk House  
84 - 86 Grey Street  
Newcastle Upon Tyne  
NE1 6BZ

**Legal Advisers** Wrigley Solicitors  
19 Cookridge Street  
Leeds  
LS2 3AG

**Auditors** Robson Laidler  
Fernwood House  
Fernwood Road  
Newcastle Upon Tyne  
NE2 1TJ

# Trustees' Annual Report for the year ended 31 March 2024

## TRUSTEES' REPORT

The Trustees, who are Directors for the purpose of Company law, present their annual report (including the Strategic Report) on the affairs of the Charity and the Group, together with the financial statements and the auditor's report for the year ended 31 March 2024.

### Introduction

Active Northumberland is a registered Charity (Company limited by guarantee) formed in 2014 from a merger of several different leisure service providers. Active Northumberland employs circa 860 people (assignments), of which 528 are contracted and 332 are casual employees, and a Board of Non-Executive Directors (Trustees) with a relevant range of expertise and senior level management experience.

### Mission and Proposition

Active Northumberland delivers leisure services on behalf of Northumberland County Council with the aim of improving and supporting the lives of residents and visitors to the County by primarily increasing population physical activity levels, thereby improving health and wellbeing in line with Northumberland County Council's strategic objectives.

Active Northumberland's proposition is "To provide great experiences in great places for everyone."

### Vision and Focus

Active Northumberland's vision is "To be the best community leisure and wellness provider in the UK."

Active Northumberland's focus is to continue to deliver a Transformation Strategy that will allow us to become a nationally leading leisure trust through optimising participation in our leisure services and by delivering a wider, positive impact across health, social care, and education with outstanding levels of quality and efficiency.

## Structure and Governance

### Board of Trustees

<b>Chair</b>	David Hall
<b>Vice Chair</b>	Jane Riley
<b>Trustee</b>	Jamie Chapman
<b>Trustee</b>	Malcolm Copland
<b>Trustee</b>	James Carss

## Trustees' Annual Report for the year ended 31 March 2024

### Executive Leadership Team

Chief Executive	Mark Warnes
Director of Operations	Paul Metcalfe
Head of Commercial and Resources	Joanne Farrier
Operations Manager	Leanne Beattie

Active Northumberland is a Company limited by guarantee, established under a Leisure Partnership Agreement with Northumberland County Council which lays out the objects and powers of the Company and is governed under its Articles of Association.

Active Northumberland is governed by its Board of Trustees. The Articles of Association were reviewed and amended on 17 April 2019 by removing the provision for organisational members in order to strengthen Trustee governance.

There is provision for an unlimited number of Trustees, with 9 serving during 2023-24. Trustees are required to bring a mix of skills and experiences which include customer engagement and advocacy, health improvement, corporate law and governance, finance, and commercial sport and leisure services and/or marketing to help oversee the overall management of the Company and to maintain a sustainable business.

The Board has worked to assure themselves that the Company is delivering effectively against its key aims and charitable objectives. The Board has implemented arrangements in line with the Partnership Agreement with Northumberland County Council so that Active Northumberland manages the operation of leisure facilities and services on behalf of the Council. The Partnership Agreement coupled with a performance management framework ensures progress is appropriately recorded and acknowledged, and that under Active Northumberland's management Northumberland County Council's leisure assets and resources are optimised and successfully contribute to the Council's strategic priorities.

The Company is managed by the Board and Executive Leadership Team through financial and non-financial key performance indicators, thorough budget monitoring, key national benchmarking performance and service quality indicators. This is all monitored and reviewed using the Company's Corporate Scorecard.

Monthly budget meetings and review meetings are held by Executive Management with the Senior Management, the Finance Team, and budget holders to review performance and progress, and in turn the Executive management report bi-monthly to the Board's Finance and Audit Committee and in turn full Board meetings.

Active Northumberland developed a Strategic Risk Register and stringent health and safety arrangements are routinely monitored and reported at board meetings.

## **Trustees' Annual Report for the year ended 31 March 2024**

Induction of new Trustees is undertaken jointly by the Company Secretary and the Chief Executive which ensures new Trustees know and understand their responsibilities as a Trustee of the charitable Company; and they have an insight into the activities of Active Northumberland. They are also introduced to the relationship between Active Northumberland Limited and Active Northumberland Trading Limited.

The Board of Trustees has signed up to and acts within the Active Northumberland Governance Code of Conduct. A standing agenda item, enabling Trustees to declare any relevant interests, is included at each Board meeting. The Board has agreed a Conflicts of Interest Policy taking account of the Charity Commission and Regulator Guidance.

During 2023-24 the Board convened every two months. Meetings were attended by Executive Leadership Team members and the Finance Manager from Northumberland County Council. This ensured representation of key personnel with responsibility for the leadership of strategic business development areas and service delivery functions. Meetings during this financial year have been conducted both virtually and in person.

A minimum attendance of 50% for all Board meetings has been agreed and attendance at Board meetings is 65% overall. Attendance is monitored by the Company Secretary and reported to the Board annually enabling any issues to be addressed. All Board meetings have taken place as planned, thus enabling effective decision making throughout the year.

A Code of Practice for Trustees is in place and signed up to by all Trustees on appointment. An annual declaration of interest is also completed and reported to the Board. A skills audit was undertaken in June 2021 and is now being used in recruiting all Trustees.

### **Companies Act 2006 - 172 Duty to promote the success of the Company**

(1) A Trustee of a Company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term,

Board members have been selected from a broad range of business and industry sectors with much experience at the highest level to ensure that their professional experiences and knowledge base can be drawn upon for the Company's benefit. All Board members have the best interests firmly at the heart of the decisions that are taken and through the collective decision and reasoning will always act in the best interests of the Company. Any declarations of interest from Board Members are always declared and minuted at the beginning of every Board Meeting.

(b) the interests of the Company's employees,

The Board is firmly behind the development and welfare of all employees and ensures that training and welfare is at the heart of the Company's Transformation Strategy and Corporate Scorecard monitoring.

(c) the need to foster the Company's business relationships with suppliers, customers, and others,

## Trustees' Annual Report for the year ended 31 March 2024

Please see section - **Suppliers**

(d) the impact of the Company's operations on the community and the environment,

The Board are keen to promote the perception and footprint of the business within the community and environment. As part of the Business Transformation Strategy, the rebranding of the Company and setting values and vision for it demonstrates this well. Environmentally the Company has pursued a green initiative to switch to greener fuel sources through the installation of solar panels at Berwick, Wentworth, Blyth, Prudhoe, Ashington, Concordia, and Morpeth leisure centres. We have also installed ground source heating at the Willowburn Leisure Centre as well as reducing packaging and waste through the Company's food and beverage facilities and outlets.

Our environmental strategy has been developed and launched across the business during 2023 and 2024 and is prominently highlighted on public notice boards at all our 10 major leisure centres along with modern recycling bins that separates different waste streams for the purpose of more efficient recycling.

(e) the desirability of the Company to maintain a reputation for exacting standards of business conduct.

High standards and reputation are monitored and upheld through the performance management of the Company through the Corporate Scorecard that uses metrics and nationally benchmarks standards. As part of our Transformation Strategy, we are continuing to prepare our centres to be accredited by Sport England's continuous improvement tool 'Quest' to demonstrate the extremely high standards being delivered and achieved at our locations. Four of our leisure centres – Berwick, Ponteland, Morpeth and Wentworth - undertook one-day Quest assessment with all being classified as "Excellent." This has resulted in four of our leisure centres being in the top 10 rated in the UK.

(f) the need to act fairly between members of the Company.

The Company rigorously follows our policies regarding the treatment of our colleagues, and we ensure that all engagement is done in a non-biased and fair manner ensuring not to discriminate against anyone no matter their ethnic background, religion, gender, social background, or ability. We engage closely and regularly with our Unions GMB and Unison to help us shape and develop our Company policies.

## Trustees' Annual Report for the year ended 31 March 2024

### Management

Active Northumberland's administration base resides within the Concordia Leisure Centre.

Active Northumberland is managed by a Chief Executive who reports to the Board of Trustees. Mark Warnes was appointed initially as Interim Chief Executive and commenced duties on 18 February 2020.

The Board and Chief Executive, together with the Executive Leadership Team are responsible for the strategic direction of the Company.

The Executive Management are responsible for the day-to-day operation and development of the business and follow the annual financial business plan and Transformation Strategy as set out in agreement with the Board.

The Board is responsible for setting the pay and remuneration of key leadership personnel.

Significant management progress has been made in that:

- The Partnership Agreement between Active Northumberland and Northumberland County Council, which ended on 31 March 2023, was extended for another year while the Council procured leisure services for the future.
- The Company strategy (Transformation Strategy) was updated in April 2023 and has continued to roll out numerous initiatives across the business. The Active Northumberland brand has now been successfully implemented across the entirety of the estate, along with the food and beverage brand Hive Café and Hive Sports Bar. The branding is particularly prominent in the 2 new leisure centres that have opened during 2022 and 2023 (Berwick Sports & Leisure Centre and Morpeth Sports & Leisure Centre) as well as at the newly refurbished soft play and café area at Wentworth Leisure Centre (£270k).
- A comprehensive action plan was produced and completed addressing the challenges and issues raised in the Active Northumberland employee survey undertaken in November 2021. The results of the 2023 survey have improved across all categories of the survey due to some of the initiatives implemented after the previous surveys. The colleague newsletter and colleague app has continued to significantly improve colleague engagement including their access to company policies, direct access to the company training platform, internal job vacancies, benefits, reports, and latest company and colleague news.
- Our Internal Auditor, TIAA, were contracted for an additional year to conduct their audit plan for 2023-24.
- The contract with our external auditor, Robson Laidler, was extended for 12 months.

## **Trustees' Annual Report for the year ended 31 March 2024**

Service level agreements for the supply of the following services were in place with Northumberland County Council:

- Procurement
- Communications
- Health and Safety
- Information Services
- Human Resources and Organisational Development
- Corporate Financial Services
- Energy
- Reactive Repairs and Planned Maintenance
- Statutory Maintenance, Testing, and Inspection

### **Staffing**

Active Northumberland employs circa 860 people (assignments), located across Northumberland. Due to the nature of the business, many employees are employed on a seasonal/casual basis. The number of positions has increased due to the increased levels of commercial activity and increases in memberships and overall usage of the centres. The increase in staffing has been controlled and in line with demand and budgets.

The overall business review program has continued to positively impact employees and Company performance. The review program is ongoing with regards to policy and practice rationalisation, including the review and replacement of Human Resource Policies in partnership with Trade Unions, and further development and streamlining of central support services.

Continual improvement and change are being supported by a programme of leadership development and high-quality professional development opportunities for employees aligned to the objectives of the updated Transformation Strategy, that includes further opportunities for current employees to undertake apprenticeships and additional qualifications.

### **Suppliers**

The Company collaborates with suppliers across many different areas of operation including goods and services. Supply chains are reviewed periodically in line with the terms of our engagement with our suppliers and any service level agreements that we have in place. In the event that there is a requirement to review or change any of our suppliers then we go through a thorough tendering process. Where it involves a significant purchase of goods or services, we use the procured services of Northumberland County Council's Procurement Team to conduct the tendering process.

The Board holds a strong desire to give local businesses every opportunity to tender for the procurement of all our required goods and services, and these are always evaluated in line with the transparent and robust procurement tendering process.

## **Trustees' Annual Report for the year ended 31 March 2024**

The Board appreciates the importance of fostering supplier relationships to ensure that there is quality and consistency in goods and services for the business, and any changes to significant suppliers would be in agreement with our Trustees.

The reduction in the quantity of suppliers providing goods and services made in 2021 has continued to see a significant reduction of invoicing for our administration team, and has also helped to control stock levels, wastage and at the same time provides a consistent quality across all centres.

### **Financial Matters and Funding Streams**

In addition to income generated specifically from service provision and delivery, Active Northumberland receives funding from:

- Northumberland County Council management fee.
- Donations – Prior to 2019-20 Advance Northumberland gave a charitable donation of up to £1.00 million to Active Northumberland, however this arrangement has now ended. Due to the cessation of the arrangement, it was agreed at the meeting of the County Council on 19 February 2020 that the Council would increase the management fee in 2019-20 and the subsequent 2 years by up to £1.00 million, this was then further extended for the 2023-24 financial year to run in line with the agreement by Active to extend the current Service Agreement for a further year.
- Sport England (grant funding for specific projects).
- Town and Parish Councils (grant funding for specific projects).
- School Games Partnership Funding to provide staffing for the School Games project.
- The Council has entered into a Memorandum of Understanding with Active Northumberland to ensure continued liquidity and to safeguard Active Northumberland's cash reserve. This memorandum runs through until 31 March 2024, and at the time of writing this report also includes up to and including the final close down and liquidation of the Active Northumberland business; following the news that Active Northumberland have not been successful in retraining the leisure services contract with the Council.
- The loss of the contract with the Council means that the contract for 10 leisure centres has been awarded to another operator and subsequently the business operation of these will be transferred the new operator on 1<sup>st</sup> April 2024. In addition, the operations of the remaining smaller sites are to be transferred to either Northumberland County Council, or alternative operators on the 1st of April 2024, and all employees of Active Northumberland will TUPE to the respective new organisations.

As a result of this, Active Northumberland no longer has a mandate to continue operating as a leisure business, and therefore we plan for an orderly winding up of all the Company's business. The Trustees will oversee this process with contracted professionals and assistance from Northumberland County Council's service departments to ensure a successful closure.

## **Trustees' Annual Report for the year ended 31 March 2024**

### **Public Benefit**

The charitable Company is a public benefit entity. When considering its proposed plans of activity, the Trustees have considered the Charity Commission's guidance on public benefit, and fee charging.

Improvements introduced to benefit customers and to improve their experience are summarised as follows:

- We made significant improvements to our customer app and websites to help customer navigation and ease of booking with the introduction of our new live timetables.
- The switch to in-house payment collections in order to provide a seamless payment service has continued to make a significant improvement to customer satisfaction due to faster reaction times by our own in-house colleagues compared to the previous service where we had no direct control.
- Improved our online joining experience with Gladstone for members and customer journey, reducing membership joining time and simplifying the membership choice of products.
- Continued and extended corporate membership offers for Northumberland County Council, public service employees, and other private sector businesses.
- A continual review of the Exercise on Referral scheme to include a weight management pathway for easy referral by GP's has seen significant growth in uptake since its introduction.

### **Operational Activity**

#### **Our People**

Active Northumberland operates 9 main leisure centres (some of which combine library services), plus 3 sports and welfare centres, 2 stand-alone gyms and a collection of Beach Huts in Blyth.

Considerable progress has been made with regards to the development of products and services, summarised as follows:

- Our PE and school sports programme has continued to grow and supports 129 schools through the School Games initiative and 32 schools through the School Premium Partnership.
- Our bespoke physical activity scheme to engage mums ("Mams on the Move") has continued despite seeing an end to the available funding. We have increased the number of sessions and locations we can offer this service. The programme continues to see healthy increases in participation and is helping to reduce the risk of postnatal depression in the county.
- 200+ colleagues were nominated for an Active Heart, our internal awards programme.
- 300+ colleagues attended our Annual Active Awards evening featuring 12 awards.

## Trustees' Annual Report for the year ended 31 March 2024

- We became the number one operator for workforce compliance on the Future Fit platform, achieving 90%+.
- Launched a new Leisure Duty Manager apprenticeship scheme.
- Became a National Living Wage employer to support colleagues through the cost-of-living crisis.
- Increased the hourly rate of pay for our Level 2 Swimming Instructors to reward performance and meet the demand of the area.
- A Companywide rollout of the Hive brand has been implemented across all the café sites within the portfolio on the completion of the new Berwick and Morpeth Leisure Centres as well as the new soft play and café at Wentworth Leisure Centre. The ten-pin bowling software upgrade with the latest screen technology provides a better customer experience and has provided a smoother online booking process for customers and the Active Northumberland contact centre.
- A new telephone system has been fully installed across the Company, with handsets being removed and a web-based system being installed to significantly reduce costs, as well as being able to have better monitoring and reporting capabilities for our contact centre.
- We completed the roll out of a new digital food safety software and hardware across the estate to fully digitise the recording and management of our daily food safety tasks such as recording fridge and freezer temperatures, food temperatures, and cleaning regimes.
- Our values and vision ensure that we offer equal opportunity to colleagues and customers no matter their social background, ethnicity, religious beliefs, or ability.
- At Active Northumberland we put the needs of all our customers first and are committed to providing a responsive, accessible, and professional service that seeks to improve at every opportunity (customer service statement). Our service proposition is to "provide great experiences in great places for everyone."
- One of our published values is that we are an inclusive trust "Our commitment to inclusion means we understand and respect differences, we collaborate as a team and we break down barriers to enable people who are socially excluded, disadvantaged, isolated and vulnerable to participate and achieve their goals".
- Active Northumberland is an equal opportunities employer, regardless of protected characteristics. Recruitment is managed by Northumberland County Council and the Council has been awarded "disability confident" accreditation, as a demonstration of both Active Northumberland's and Northumberland County Council's commitment to not treat disabled people less favorably. Should applicants request consideration under the guaranteed interview scheme, they are guaranteed an interview, provided they meet the criteria outlined in the person specification.

## Trustees' Annual Report for the year ended 31 March 2024

### Our Facilities

The majority of our facilities are owned by Northumberland County Council and are leased to Active Northumberland to deliver services. Progress relating specifically to facilities can be summarised as follows:

- Four of our leisure centres being rated in the top 10 in the UK via Quest assessment.
- Opening Morpeth Sports & Leisure Centre. A £22m state-of-the-art leisure facility.
- Completed the Berwick Sports & Leisure Centre car park, play park and landscaping.
- Refurbishing the HIVE cafe in Wentworth Leisure Centre, with a kid's party zone and soft play.
- Installed a brand-new sports hall floor at Concordia Leisure Centre.
- Completed a £750k refurbishment of the front glazing aspect, and re-sealing of the roof, and new fire doors at Concordia Leisure Centre.
- Completed a thorough refurbishment of 20 Beach Huts at Blyth.
- Continued investment to make more energy efficient buildings, including ground source heating at our Willowburn Leisure Centre and replacement windows across the estate.

### Our Products & Partners

Active Northumberland primarily serves the residents of Northumberland and in doing so recognises the need to collaborate with like-minded partners through the development and delivery of products and initiatives to take advantage of the vast opportunities available to deliver shared and overlapping objectives. Active Northumberland's endeavors to maximise partnership working has led to the following progress:

- Record fitness, swim lessons and spa memberships achieving 28,700 members.
- Our new member onboarding programme has engaged over 7,000 customers.
- Our School Sports programme continues to engage 100's of school children through Health & Wellbeing Festivals, girls' football, school games and virtual exercise classes.
- Our community engagement programmes continue to flourish with Mams on the Move, Escape Pain, Cardiac Rehab, Wellbeing Walks, Exercise on Referral and more!
- A record number of residents took part in free activities on National Fitness Day.
- A new record for monthly active users of our app with over 46,000 using the app in August 2023.
- 90% of customer enquiries being responded to within 48 hours of receiving them.

## **Trustees' Annual Report for the year ended 31 March 2024**

- Continued proactivity towards supporting national industry developments which have furthered learning and raised the profile of Active Northumberland with Community Leisure UK, UK active, Chartered Institute of Management of Sport and Physical Activity, and Swim England.
- We have made our sports hall and fitness studios available for the students at Ponteland High School so they can comfortably sit their GCSE exams.

### **Risk Management**

A continually revised risk register is in place and is managed by the Director of Operations and Services with oversight from the Chief Executive and the Board. The Board receives regular reports for consideration and takes action as required.

Key strategic risks going forward are summarised as follows:

- Failure to maintain viability with a reducing management fee and operate within an increasingly competitive and challenging commercial trading environment including utility and national living wage pressures.
- Failure to develop and retain the capability within the workforce to deliver the strategic objectives identified within the Transformation Strategy.
- Failure to operate swimming pools across the county due to national shortage of chlorine.
- Failure to recruit and retain leadership capacity due to the council's procurement process.

### **Financial Risk Management Objectives and Policies**

The financial instruments used by the Group are cash and banking facilities and these provide finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Trustees review and agree policies for managing these risks, which are as follows:

#### **Credit Risk**

The Group's principal financial assets are cash and debtors. All cash deposits at the balance sheet date were held in the UK. Reputable financial institutions are used in the placement of cash deposits, to reduce the overall credit risk to the Group. In addition, the Group reviews the debtor position regularly. Steps to limit the number of customers and partners that have credit facilities have been introduced to limit further any ongoing exposure. The Group considers the risk of significant bad debts to be low, especially after overseeing a considerable reduction in the number of customers and clubs receiving credit facilities in favor of up-front payment or advance payment.

#### **Liquidity Risk**

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

## Trustees' Annual Report for the year ended 31 March 2024

The main risk to liquidity sits with the volatility of the utility costs which have seen costs substantially rise as a result of the energy price crisis. Purchasing utilities is made with Northumberland County Council through NEPO to ensure we obtain competitive rates. Most of our energy is forward bought, however there is a small percentage that is subject to daily market rates.

Following the announcement in December 2023 that the Partnership Agreement with Northumberland County Council would end on 31 March 2024, the Charity and the Council have agreed a Memorandum of Understanding (MoU) which sets out the commitments regarding the transition to the new leisure provider and the winding up of Active Northumberland.

The MoU includes a commitment from the Council to work with Active Northumberland to produce and keep under review detailed cashflow forecasts and estimates of potential liabilities and to provide such financial support as is necessary to ensure that Active Northumberland remains solvent up to and including the closing down or winding up of the business. Any surplus remaining after the business's full closure will be transferred to the Council, in line with Charity Commission accordance, and to continue to support leisure activities in Northumberland.

Certain information required to be disclosed in the Trustees' Report, including principal risk and uncertainties by regulations made under section 416(4) CA 2006 to be disclosed in the Trustees' report, are covered in the Strategic Report as the Trustees consider that these are of strategic importance.

Approved by the Board and signed on its behalf by:

*D Hall*

David Hall

Chair

Date: 19 December 2024

# Trustees' Annual Report for the year ended 31 March 2024

## STRATEGIC REPORT

### Financial Review

#### Financial Performance

The overall result for the Charity, and its trading Company, for the financial year was a loss of £1,395,879 (2022-23: £561,447 loss) before actuarial losses/gains on the defined benefit pension scheme.

The loss of £1,395,879 relates to an in year loss of £1,170,124 from the Charity and its trading Company; a net expenditure of £37,000 relating to pension charges; and a net expenditure of £188,755 against restricted funds.

#### Reserves Policy

The reserves policy is to meet the needs of the organisation and agree a suitable level of reserves to meet any reasonable contingency that may arise. Currently the Board has agreed that a reserve of 10% turnover or 3 months' staffing costs (£1.30 - £2.00 million) is appropriate as long as the Partnership Agreement with Northumberland County Council remains in place.

As at 31 March 2024 reserves consist of unrestricted general funds of £137,343 (2022-23: £1,307,467), designated funds of nil (2022-23: nil) and restricted reserves of nil (2022-23: £188,755).

Following the announcement in December 2023 that the Partnership Agreement with Northumberland County Council would end on 31 March 2024 the Charity and the Council have agreed a Memorandum of Understanding (MoU) which sets out the commitments regarding the transition to the new leisure provider and the winding up of Active Northumberland. The MoU includes a commitment from the Council to work with Active Northumberland to produce and keep under review detailed cashflow forecasts and estimates of potential liabilities and to provide such financial support as is necessary to ensure that Active Northumberland remains solvent up to and including the closing down or winding up of the business. Any surplus remaining after the business's full closure will be transferred to the Council, in line with Charity Commission accordance, and to continue to support leisure activities in Northumberland.

#### Investment Policy

Under the MoU and Articles of Association, the Charity has the power to make any investment that the Trustees see fit. The Charity is now utilising the financial information system and therefore the bank account of Northumberland County Council for all payments and receipts.

#### Principal Funding Sources

- Northumberland County Council management fee
- Sport England (grant funding for specific projects)
- Town and Parish Councils (grant funding for specific projects)

## **Trustees' Annual Report for the year ended 31 March 2024**

### Going Concern

On 4 December 2023 it was announced that Active Northumberland had been unsuccessful in its bid for the leisure contract with Northumberland County Council and the current contract arrangement would cease on 31 March 2024.

Due to the loss of contract with the Council, the Board considers Active Northumberland no longer a going concern, and the accounts have been prepared on that basis.

The Active Northumberland Board agreed a negative budget for the 2023-24 financial year due to the continued cost pressures on utility costs and elevated staffing costs due to the rise in the cost of the National Living Wage.

The Council confirmed it would provide significant additional financial support during the 2023-24 financial year to enable Active Northumberland to deliver financial balance and to maintain its current level of cash reserves.

The Board considers the level of financial reserves, along with the support from the Council, means sufficient funds are available to settle outstanding liabilities in the Company's closedown. The Council and Active Northumberland continue to work together to ensure an orderly winding up of Active Northumberland.

### Pension Fund

All employers with final salary pension schemes must include the financial position of the pension fund in their own accounts, in accordance with FRS 102. On 31 March 2023, the Charity's share of the Tyne and Wear Pension Fund was written down to nil on the basis that the Charity is no longer a going concern (31 March 2023: nil).

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a Local Government Pension Scheme (LGPS) admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

Due to changes in pension legislation, and the long-term uncertainty about pension scheme costs, Active Northumberland undertook a rigorous evaluation process and joined the SPORTA pension scheme, Friends Life, and this provider is now the vehicle for "auto-enrolment" for employees.

### Funds Held as Custodian Trustee on Behalf of Others

Active Northumberland holds cash funds on behalf of Blyth Valley Trust for Youth, a registered Charity (number 514145) with objectives of the advancement of education and wellbeing of young people from the borough of Blyth Valley. Details of the amounts at the year-end can be found in note 27.

## Trustees' Annual Report for the year ended 31 March 2024

### Investment in Leisure Facilities

Northumberland County Council has invested significantly in sport and leisure provision across Northumberland and continues to provide investment in leisure facilities through business plans being submitted and agreed with Active Northumberland.

Major investments involve rebuilding state-of-the-art leisure facilities in Ponteland, Berwick and Morpeth, and the refurbishment/redevelopment of Blyth Sports Centre and Newbiggin. An investment to refurbish the glazing, reception and toilets at Concordia Leisure Centre has also now been completed.

In addition, Northumberland County Council has invested in a planned programme of major repairs and backlog maintenance work across the property estate which is appropriately scheduled and agreed on an annual basis.

### Workforce Requirements

The workforce has been reviewed to ensure the Company can deliver the strategic objectives identified in the Transformation Strategy, whilst maintaining an efficient employee cost base. Effective recruitment and training have ensured that the Company continued to provide equal opportunities in employment and that the workforce continued to have the relevant skills and abilities for the organisation's current and future needs.

To support this, a leadership development programme was designed and rolled out from June 2019, and the Workforce Development Plan continued to be enhanced to include a progressive range of new industry leading professional development opportunities. A programme of qualifications has been developed in conjunction with an education provider to develop and qualify new Leisure Attendants and Duty Managers, and we have recruited a further 10 new apprentices to support areas across the business and provide career opportunities to enter the health, leisure, and wellbeing industry.

In addition, we have started our second training program to qualify a new cohort of swim instructors and lifeguards, and this will be an ongoing program to ensure that we create our own talent base for the future.

The Board recognise that faced with the challenge of transforming services in an increasingly competitive trading environment with a reducing management fee, the Company must develop and retain the expertise and skills necessary to deliver investment and growth, and most importantly to ensure that the Company remains true to its charitable objectives.

Approved by the Board and signed on its behalf by:

*D Hall*

David Hall

Chair

Date: 19 December 2024

## Trustees' Annual Report for the year ended 31 March 2024

### Trustees Responsibility Statement

The Trustees (who are also Directors of Active Northumberland for the purposes of Company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Charity and Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company (and the Group) and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company and Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charitable Company and the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable Company (and the Group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable Company and Group's auditor is unaware; and,
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Approved by the Board and signed on its behalf by:

*D Hall*

David Hall

Chair

Date: 19 December 2024

## **Independent Auditor's Report to the Members of Active Northumberland for the year ended 31 March 2024**

We have audited the financial statements of Active Northumberland Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the consolidated statement of financial activities, the balance sheet ('parent charity' and 'group') the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 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.

### **Emphasis of matter – financial statements prepared on a basis other than going concern**

We draw attention to accounting policy 1.1 *Basis for Preparation of the Financial Statements* in these financial statements which explains that the trustees intend to close the parent charity and liquidate the trading company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing these financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in the accounting policies. Our opinion is not modified in respect of this matter.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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.

## **Independent Auditor's Report to the Members of Active Northumberland for the year ended 31 March 2024**

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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the trustees report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees report has 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 the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the trustees annual report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report to the Members of Active Northumberland for the year ended 31 March 2024**

### **Auditors responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The risk of material misstatement due to error or fraud has been assessed in conjunction with how internal controls may mitigate any such risk. These controls are reviewed as part of the audit by performing systems walkthroughs to ensure they are operating effectively. Analytical review and substantive testing is also performed on all material balances and therefore any instances of non-compliance should be identified or considered as insignificant.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team;

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework, in which the parent company operates and how the company complies with that legal and regulatory framework
- inquired with management and those charged with governance about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud
- discussed with management and those charged with governance any non-compliance with laws and regulations and how fraud might occur including assessments of how and where the financial statements may be susceptible to fraud.

The risk of management override of controls was also considered an area of potential misstatement due to fraud. Audit procedures performed included testing of manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

## **Independent Auditor's Report to the Members of Active Northumberland for the year ended 31 March 2024**

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Nicholas Cunningham*

**Nicholas Cunningham Msc Bsc ACCA  
For and on behalf of Robson Laidler Accountants Limited**

**Statutory Auditor**  
Fernwood House  
Fernwood Road  
Jesmond  
Newcastle upon Tyne  
Tyne and Wear  
NE2 1TJ

19 December 2024

**Consolidated Statement of Financial Activities**  
(including Income and Expenditure Account)  
for the year ended 31 March 2024

		Unrestricted funds				
	Note	General funds	Designated funds	Restricted Funds	Total 2024	Total 2023
		£	£	£	£	£
<b>Income from:</b>						
Donations and legacies	4	-	-	109,130	<b>109,130</b>	103,025
Other trading activities	5	2,931,112	-	-	<b>2,931,112</b>	2,446,895
Income from charitable activities						
Leisure services		15,999,313	-	168,865	<b>16,168,178</b>	13,061,889
Management fees		860,380	-	-	<b>860,380</b>	2,060,380
Other income		31,098	-	-	<b>31,098</b>	40,324
Total income		19,821,903	-	277,995	<b>20,099,898</b>	17,712,513
<b>Expenditure on:</b>						
Cost of raising funds	5	2,083,841	-	-	<b>2,083,841</b>	1,621,586
Charitable activities	6	19,064,562	37,000	288,101	<b>19,389,663</b>	16,630,916
Other expenditure	7	21,273	-	1,000	<b>22,273</b>	21,458
Total expenditure		21,169,676	37,000	289,101	<b>21,495,777</b>	18,273,960
<b>Net incoming / (outgoing) resources</b>		(1,347,773)	(37,000)	(11,106)	<b>(1,395,879)</b>	(561,447)
<b>Gross transfers between funds</b>	17/18	177,649	-	(177,649)	-	-
<b>Other recognized gains / (losses)</b>						
Actuarial gain / (loss) on defined benefit pension scheme	21	-	7,331,000	-	<b>7,331,000</b>	3,097,000
Disposal of pension fund	21	-	(7,294,000)	-	<b>(7,294,000)</b>	-
Net movement in funds		(1,170,124)	-	(188,755)	<b>(1,358,879)</b>	2,535,553
<b>Reconciliation of funds:</b>						
Fund balances at 1 April 2023		1,307,467	-	188,755	<b>1,496,222</b>	(1,039,331)
Fund balances at 31 March 2024		137,343	-	-	<b>137,343</b>	1,496,222

All gains and losses recognised in the year are included in the consolidated statement of financial activities. There are no material differences between the net income for the year and the historical cost equivalents.

## Consolidated Balance Sheet as at 31 March 2024

	Note	Group		Charity	
		2024 £	2023 £	2024 £	2023 £
<b>Fixed assets</b>					
Tangible fixed assets	11	-	107,033	-	107,033
Long term investment	12	-	-	1	1
		-	107,033	1	107,034
<b>Current assets</b>					
Stock	13	-	88,201	-	49,291
Debtors	14	3,423,945	4,363,685	3,378,722	4,339,084
Cash at bank and in hand	24	19,260	26,154	19,260	24,634
		3,443,205	4,478,040	3,397,982	4,413,009
<b>Liabilities</b>					
Creditors: Amounts due within one year	15	(3,305,862)	(3,000,670)	(3,260,640)	(2,935,640)
Net current assets		137,343	1,477,370	137,342	1,477,369
Total assets less current liabilities		137,343	1,584,403	137,343	1,584,403
<b>Long term liabilities</b>					
Creditors: Amounts due in more than one year	16	-	(88,181)	-	(88,181)
		-	(88,181)	-	(88,181)
NET ASSETS/(LIABILITIES)		137,343	1,496,222	137,343	1,496,222
<b>Funds of the Charity:</b>					
Unrestricted funds	17	137,343	1,307,467	137,343	1,307,467
Restricted funds					
Ring-fenced grants	18	-	188,755	-	188,755
TOTAL FUNDS		137,343	1,496,222	137,343	1,496,222

Approved by the Board and signed on its behalf by:

*D Hall*

David Hall (Chair of trustees)

Date: 19 December 2024

**Company Registration Number: 08484436**

## Consolidated Statement of Cash Flows

as at 31 March 2024

		<b>Group</b>		<b>Charity</b>	
	<b>Note</b>	<b>2024</b>	2023	<b>2024</b>	2023
		£	£	£	£
Cash flows from operating activities	22	<b>45,413</b>	(1,583)	<b>46,933</b>	(1,253)
Cash flows from investing activities:					
Interest received		-	-	-	-
Net cash provided by investing activities		-	-	-	-
Cash flows from financing activities:					
Repayment of borrowing		<b>(52,307)</b>	(49,903)	<b>(52,307)</b>	(49,903)
Net cash used by financing activities		<b>(52,307)</b>	(49,903)	<b>(52,307)</b>	(49,903)
Change in cash and cash equivalents in the reporting period	24	<b>(6,894)</b>	(51,486)	<b>(5,374)</b>	(51,156)
Cash and cash equivalents at the beginning of the reporting period		<b>26,154</b>	77,640	<b>24,634</b>	75,790
Cash and cash equivalents at the end of the reporting period	23	<b>19,260</b>	26,154	<b>19,260</b>	24,634

# Notes to the Consolidated Financial Statements

## for the year ended 31 March 2024.

### 1. Accounting Policies

#### 1.1 Basis of Preparation of the Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2019)” 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 2019; and the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently in the current and prior year. Active Northumberland meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

##### *Going concern*

As explained in more detail in note 30: *Post Balance Sheet Events*, the Trustees intend to close down the parent charity and liquidate the trading subsidiary and therefore do not consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements. Accordingly, the financial statements have been prepared on a break up basis.

#### 1.2 Basis of Consolidation

These financial statements consolidate the results of the Charity and its wholly owned subsidiary Active Northumberland Trading Limited on a line-by-line basis for the year ended 31 March 2024. The charitable Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent charitable Company statement of financial activities. Active Northumberland Trading Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A. The results of the subsidiary are shown in note 5.

#### 1.3 Income

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

#### 1.4 Grants Receivable

Grants receivable are included in the statement of financial activities within the period to which they relate. If the grants are awarded in respect of particular projects, then all the income and expenditure arising from the projects is shown as restricted activities.

Where grants related to performance and specific deliverables, they are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance, recognition is deferred and included in creditors; and, where entitlement arises before income is received the income is accrued.

## **Notes to the Consolidated Financial Statements**

for the year ended 31 March 2024.

### **1.5 Expenditure**

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are accounted for as goods and services are supplied. Resources expended are included on the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered. Expenditure is classified under the following activity headings:

- Raising funds are those costs incurred in the delivery of trading activities.
- Charitable activities include expenditure associated with the provision of leisure and health promotion activities. These include both direct and related costs. Expenditure on charitable activities includes direct costs of delivering grants and services, and support costs. These are the functions that assist the work of the Charity but do not directly undertake charitable activities, including management and back-office costs. These costs are shown in more detail in note 6.
- Governance costs include expenditure incurred on complying with constitutional and statutory requirements.

### **1.6 Taxation**

The parent Company is a registered Charity and has no liability for corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

### **1.7 Tangible Assets and Depreciation**

Tangible fixed assets are carried at cost less depreciation and impairment. Depreciation is provided at rates calculated to write off the cost of the fixed assets over their expected useful lives on the following basis:

- Fixture, fittings, and equipment – 15 years.

### **1.8 Investments**

Investments in subsidiary undertakings are held at cost less impairment.

### **1.9 Stock**

Stock is valued at the lower of cost and net realisable value. No provision against obsolete or damaged stock is deemed necessary.

## **Notes to the Consolidated Financial Statements**

for the year ended 31 March 2024.

### **1.10 Pension Costs**

#### Defined Contribution Pension Plan

The Charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Charity pays fixed contributions into a separate entity. Once the contributions have been paid the Charity has no further payment obligations. The contributions are recognised as an expense in the consolidated statement of financial activities. The assets of the plan are held separately from the Charity in independently administered funds.

Teachers employed by the Charity have membership of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement. The scheme is a defined benefit final salary scheme. It is not possible for the Charity to identify its share of the underlying liabilities in the scheme, and it is therefore classed as a defined contribution scheme for the purposes of the accounting requirements of FRS 102 and does not form part of the pension deficit.

#### Defined Benefit Pension Plan

The Charity operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset or liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Charity engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of the plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Charity's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains/(losses). These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gain/(loss) on defined benefit pension schemes.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- The increase in net pension benefit liability arising from employee service during the period; and,
- The cost of plan introductions, benefit changes, curtailments, and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets. The Charity operates a defined benefits pension scheme, and the pension charge is based on a full actuarial valuation dated 31 March 2024.

The Charity is an admitted body of the Tyne and Wear Pension Fund (“LGPS”) and provides pension arrangements to its employees. The scheme is classified as a defined benefit scheme based on final pensionable pay and as such must comply with reporting standard FRS 102. This requires the Charity to disclose certain information concerning assets, liabilities, income, and expenditure related to the scheme for its employees. These disclosures have been prepared by Aon Solutions UK Limited the actuary of the Tyne and Wear Pension Fund. The purpose of the pensions’ disclosure is to provide clear information on the impact of the Charity’s obligation to fund the retirement benefits of its staff on its financial position and performance. Even where this obligation is discharged through a pension fund, the Charity is responsible for employer’s contributions set at a level to ensure the liabilities of the fund can be met.

The liabilities of the pension scheme attributable to the Charity are included in the balance sheet on an actuarial basis using the projected unit method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees.

Assets have been valued in accordance with FRS 102. Refer to note 20 for further detail. The change in the net pension asset or liability is analysed into the following components:

### Current Service Costs

The increase in liabilities as a result of years of service earned this year is allocated to the consolidated statement of financial activities.

### Past Service Costs

The increase in liabilities arising from current year decisions that affect years of service earned in previous years.

### Interest Costs

The expected increase in the present value of liabilities during the year as they move one year closer to being paid.

## **Notes to the Consolidated Financial Statements** for the year ended 31 March 2024.

### Expected Return on Assets

The annual investment return on the fund assets attributable to the Charity based on an average of the expected long-term return.

### Actuarial Gains and Losses

Changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

## **1.11 Funds**

Funds held by the Charity are either:

- Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- Restricted funds – these are funds that can only be used for a particular purpose as specified by the donor or when funds have been raised for a particular purpose.
- Designated funds – these are funds that the Trustees have set aside for a particular purpose.

## **1.12 Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. The Charity and Group only have financial assets and financial liabilities of a kind that qualifies as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments where applicable. 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 trade discounts due.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### 3. Financial Performance of the Charitable Company

The consolidated statement of financial activities includes the results of the Charity's wholly owned subsidiary which operates the catering facilities and merchandising sales at the leisure facilities.

The summary financial performance of the Charity alone is:

	2024 £	2023 £
Income	17,995,191	16,090,927
Gift aid from subsidiary Company	20,866	-
	18,016,057	16,090,927
Expenditure on charitable activities	(19,411,936)	(16,652,374)
Defined pension liability	37,000	3,097,000
<b>Net income/(expenditure)</b>	<b>(1,358,879)</b>	<b>2,535,553</b>

### 4. Donations and Legacies

	Unrestricted Funds £	Restricted Funds £	2024 £	2023 £
Schools	-	109,130	109,130	103,025

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 5. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	2024 £	2023 £
Other activities	826,405	-	826,405	825,309
Trading activities	2,104,707	-	2,104,707	1,621,586
	2,931,112	-	2,931,112	2,446,895

Other activities primarily relate to income from hire of facilities and income from the GP Referral Scheme.

The charitable Company has a wholly owned subsidiary, Active Northumberland Trading Limited, incorporated in England and Wales (Company number 09243253) and pays all its profits to the charitable Company under the gift aid scheme. Active Northumberland Trading Limited operates the bar, catering and all other commercial trading operations with the leisure facilities managed by Active Northumberland. A summary of the Trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2024 £	2023 £
Turnover	2,104,707	1,621,586
Cost of sales and administrative expenses	(2,083,841)	(1,621,586)
Profit for the year	20,866	-
Amounts gift aided to Charity	(20,866)	-
	-	-

The assets and liabilities of the subsidiary were:

Current assets	116,087	237,676
Current liabilities	(116,086)	237,675
	1	1

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 6. Analysis of Expenditure on Charitable Activities

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2024 £	2023 £
Bank charges	216,643	-	-	216,643	175,049
Conference, courses, hospitality, and promotions	127,788	-	1,020	128,808	98,272
Consultancy	136,497	-	-	136,497	109,137
Depreciation	44,598	-	-	44,598	44,598
Equipment	425,399	-	1,860	427,259	399,131
Holiday pay	-	-	-	-	(364,229)
Hired services	9,237	-	-	9,237	12,710
Insurance and sundry premium costs	26,545	-	-	26,545	26,179
IT & software	(9,452)	-	35	(9,417)	83,070
Legal & professional	1,020,631	-	40,909	1,061,540	992,361
Marketing	101,302	-	290	101,592	177,602
Postage, printing, stationery, and telephone	87,262	-	6,676	93,938	62,309
Rents	-	-	-	-	32,603
Repairs and maintenance	1,418,676	-	-	1,418,676	1,305,710
Staff costs	9,496,432	37,000	238,615	9,772,047	9,090,810
Sundry expenses	160,905	-	(1,626)	159,279	114,955
Utilities	4,996,014	-	-	4,996,014	3,595,353
VAT partial exemption	806,085	-	322	806,407	675,296
	<b>19,064,562</b>	<b>37,000</b>	<b>288,101</b>	<b>19,389,663</b>	<b>16,630,916</b>

Note: The figures in brackets represent a refund related to IT & Software.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 6. Analysis of Expenditure on Charitable Activities (continued)

Included in the previous table are support costs of:

	2024 £	2023 £
Bank charges	149,773	129,024
Conference expenses	86,242	68,047
Insurance and sundry premium costs	2,102	1,877
Postage, printing, stationery, and telephone	30,485	4,861
Staff costs	746,399	663,592
Sundry expenses	496,753	667,902
VAT partial exemption	67,384	95,551
	<b>1,579,138</b>	<b>1,630,854</b>

Service Level Agreements:

- Procurement
- Communications
- Health and Safety
- Information Services
- Human Resources and Organisational Development
- Corporate Financial Services
- Energy
- Reactive Repairs and Planned Maintenance
- Statutory Maintenance, Testing and Inspection
- Audit and Strategic Risk

Service level agreement costs paid to Northumberland County Council:

	2024 £	2023 £
Northumberland County Council	719,713	748,674
	<b>719,713</b>	<b>748,674</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 7. Other Expenditure

	2024 £	2023 £
Audit fee	19,800	19,250
Trustee liability insurance	2,473	2,208
	<b>22,273</b>	21,458

The fee in relation to Robson Laidler Accountants Limited audit of the 2023-24 Trustees' Annual Report and Financial Statements is £19,800 and was accrued in year, analysed between different elements; audit fee £18,800, and teachers' pension return £1,000.

### 8. Analysis of Staff Costs, Trustee Remuneration and Expenses

Group	2024 No.	2023 No.
Number of Employees:		
Key management personnel (Executive leadership team)	5	5
Generating funds	107	101
Charitable activities	748	705
	<b>860</b>	811

The total employee benefits of the Executive leadership team of the Charity were £374,706 (2022-23: £390,986).

Group	2024 £	2023 £
Remuneration comprised:		
Apprenticeship levy	35,843	26,523
Holiday pay	-	(364,229)
Pension costs	147,400	298,860
Salaries & wages	9,934,421	8,388,588
Social security costs	645,529	539,966
Termination benefits	-	16,850
Travel and other staff costs	36,858	34,939
	<b>10,800,051</b>	8,941,497

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 8. Analysis of Staff Costs, Trustee Remuneration and Expenses (continued)

The number of employees whose annual emoluments were more than £60,000:	2024	2023
£60,000 - £69,999	2	1
£80,000 - £89,999	-	1
£120,000 - £129,999	1	1

Termination Benefits	2024	2023
	£	£
Compensation / ex gratia	-	7,881
Redundancy	-	8,969
	-	16,850

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either:

- terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or,
- providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The Trustees were not paid and did not receive any other benefits from employment with the charitable Company or its subsidiary during the year (2022-23: nil). No Trustees were reimbursed for travel expenses in 2023-24 (2022-23: nil).

### 9. Net Income/Expenditure for the year

This is stated after charging:

	2024	2023
	£	£
Depreciation	44,598	44,598
Audit fee & Trustee liability insurance	22,273	21,458

### 10. Corporation Tax

The charitable Company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 of the extent that these are applied to its charitable objects.

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2024.

**11. Tangible Fixed Assets: Group and Charity**

	Fixture, fittings & equipment £
Cost:	
At 1 April 2023	515,351
Disposals	(515,351)
At 31 March 2024	-
Depreciation:	
At 1 April 2023	408,318
Charge for the year	44,598
Eliminated on disposals	(452,916)
At 31 March 2024	-
Net book value:	
At 31 March 2024	-
At 31 March 2023	<b>107,033</b>

**12. Investments**

The charitable Company has a wholly owned trading subsidiary Company, Active Northumberland Trading Limited, incorporated in England and Wales. The activities and results of the trading Company are summarised in note 5.

**13. Stock**

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Leisure stock	-	88,201	-	49,291
	-	88,201	-	49,291

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 14. Debtors

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Trade debtors	157,685	363,282	150,158	357,104
Other debtors (See note 28)	2,343,158	2,636,418	2,343,158	2,636,418
Prepayments and accrued income	923,102	1,382,788	885,406	1,363,795
Provision for bad debt	-	(18,803)	-	(18,233)
	<b>3,423,945</b>	<b>4,363,685</b>	<b>3,378,722</b>	<b>4,339,084</b>

### 15. Creditors: Amounts due within one year

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Trade creditors	39,485	17,804	6,320	(24,891)
Amounts owed to subsidiary	-	-	70,864	172,645
Taxation & social security	240,936	285,820	240,936	285,820
Accrual/deferred income	2,912,832	2,550,765	2,829,911	2,363,217
Holiday pay accrual	-	69,546	-	62,114
Other loans	87,410	51,536	87,410	51,536
Other creditors	25,199	25,199	25,199	25,199
	<b>3,305,862</b>	<b>3,000,670</b>	<b>3,260,640</b>	<b>2,935,640</b>

Deferred income relates to facilities hire, fitness classes and course bookings paid for in advance of participation.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 16. Creditors: Amounts due in more than one year

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Other loans	-	88,181	-	88,181
Analysis of loans:				
Wholly repayable within five years	<b>87,410</b>	139,717	<b>87,410</b>	139,717
	<b>87,410</b>	139,717	<b>87,410</b>	139,717
Included in current liabilities	<b>(87,410)</b>	(51,536)	<b>(87,410)</b>	(51,536)
	-	88,181	-	88,181
Loan maturity analysis:				
Due between one to two years	-	53,240	-	53,240
Due between three to five years	-	34,941	-	34,941
	-	88,181	-	88,181

### 17. Unrestricted Funds

	1 April 2023 £	Incoming Resources £	Resources Expended £	Transfers £	Gains / losses £	31 March 2024 £
Unrestricted fund						
General fund	<b>1,307,467</b>	19,821,903	(21,169,676)	177,649	-	<b>137,343</b>
Designated fund						
Pension reserve	-	-	(37,000)	-	37,000	-
	<b>1,307,467</b>	19,821,903	(21,206,676)	177,649	37,000	<b>137,343</b>

Description of fund	Description, nature, and purpose of fund
General fund	The 'free reserves' after allowing for all designated funds.
Designated funds	Pension reserve – relates to the FRS102 defined benefit pension asset/(liability), further details can be found in note 21.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 18. Restricted Funds

	1 April 2023 £	Incoming Resources £	Resources Expended £	Transfers £	31 March 2024 £
School Games	38,017	270,946	(270,441)	(38,522)	-
Young at Heart	410	-	-	(410)	-
Inactivity Fund	24,870	7,049	(18,660)	(13,259)	-
Sporting Club Bedlington – Sinking Fund	86,042	-	-	(86,042)	-
Sporting Club Bedlington - Renewals	39,416	-	-	(39,416)	-
	<b>188,755</b>	<b>277,995</b>	<b>(289,101)</b>	<b>(177,649)</b>	<b>-</b>

### Transfers

The transfers represent agreed fund balance transfers to unrestricted reserves.

Description of fund	Description, nature, and purpose of fund
School Games	Project funded by Sport England to organise school games. Promoting competitive sporting activities for younger people (Southeast and North Northumberland).
Young at Heart	Funds to support disabled people to access fitness activities at Prudhoe Waterworld.
Inactivity Fund	A project to engage women who are experiencing or are at risk of developing postnatal depression to participate in 30 minutes of activity each week.
Sporting Club Bedlington – Sinking Fund	A fund for reinvestment into the 3G pitch.
Sporting Club Bedlington - Renewals	A renewals fund for future reinvestment in facility redevelopment.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 19. Analysis of Assets and Liabilities between Funds

	General £	Designated £	Restricted £	2024 £	2023 £
Fixed assets	-	-	-	-	107,033
Net current assets	<b>137,343</b>	-	-	<b>137,343</b>	1,477,370
Creditors due more than one year	-	-	-	-	(88,181)
Pension fund asset/(liability)	-	-	-	-	-
	<b>137,343</b>	-	-	<b>137,343</b>	1,496,222

### 20. Pension Arrangements

#### Defined Contribution Scheme

The Charity operates a defined contribution scheme, which is offered to all new employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund. An amount of £106,038 (2022-23: £87,686) was paid into the scheme during the financial year.

In 2023-24 Active Northumberland also paid £31,334 (2022-23: £34,131) to the Teachers' Pensions Agency in respect of teachers' retirement benefits representing 23.68% of teachers' pensionable pay for the period 1 April 2023 to 31 March 2024. The pension rate increased from 16.48% to 23.68% in September 2019.

#### Defined Benefit Scheme

On 1 October 2014 when the management of the leisure facilities within Northumberland moved into Active Northumberland the Local Government Pension Scheme (LGPS) relating to these staff transferred into the charitable Company. The LGPS provides defined benefits, based on the member's final pensionable salary.

Due to changes in pension legislation, and the long-term uncertainty about pension scheme costs, Active Northumberland has closed the local government pension scheme to new members.

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a LGPS admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

In accordance with Section 28 of FRS 102 disclosure of certain information concerning assets, liabilities, income, and expenditure relating to pension schemes is required. The latest valuation was undertaken on 31 March 2022. The duration of liabilities is 19.7 years and revaluation is undertaken every 3 years. The duration of liabilities is the average period, expressed in the number of years, between the calculation date and the date on which the scheme benefit falls due. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for the purposes of FRS 102 were:

Key assumptions	2024	2023
Discount rate	4.8%	4.7%
CPI inflation	2.6%	2.7%
Pension increases	2.6%	2.7%
Pension accounts revaluation rate	2.6%	2.7%
Salary increases	4.1%	4.2%
Mortality rates		
- Males - Pensioner member aged 65 at accounting date	21.0	21.6
- Males - Active member aged 45 at accounting date	22.3	22.9
- Females - Pensioner member aged 65 at accounting date	24.2	24.6
- Females - Active member aged 45 at accounting date	25.6	26.1

Asset allocation	31 March 2024 %	31 March 2023 %
Equities	50.6	51.2
Property	10.4	10.5
Government bonds	1.3	1.3
Corporate bonds	19.5	19.5
Multi Asset Credit	4.6	4.5
Cash	0.7	1.8
Other	12.9	11.2
Total	100.0	100.0

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

<b>Reconciliation of funded status to balance sheet</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£m</b>	<b>£m</b>
Fair value of assets	<b>0.000</b>	27.836
Present value of funded defined benefit obligation	<b>0.000</b>	(21.736)
Pension asset/(liability) before paragraph 28.22 of FRS 102	<b>0.000</b>	6.100
(Unrecognised asset) due to limit in paragraph 28.22 of FRS 102	<b>0.000</b>	(6.100)
Pension asset/(liability) recognised on the balance sheet	<b>0.000</b>	0.000

<b>Amounts recognised in consolidated statement of financial activities</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£m</b>	<b>£m</b>
Current service costs	<b>(0.327)</b>	(0.637)
Past service costs	<b>0.000</b>	0.000
Employer contributions and net pension	<b>0.000</b>	0.176
Financing costs – interest on net defined benefit liability/(assets)	<b>0.000</b>	(0.067)
Pension expense recognised in profit and loss	<b>(0.327)</b>	(0.528)

<b>Amounts recognised in comprehensive income</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£m</b>	<b>£m</b>
Asset gains/(losses) arising during the period	<b>0.337</b>	(1.220)
Actuarial gains/(losses) due to changes in financial assumptions	<b>0.839</b>	12.289
Actuarial gains/(losses) due to changes in demographic assumptions	<b>0.320</b>	(0.111)
Actuarial gains/(losses) due to liability experience	<b>(0.265)</b>	(1.761)
Adjustment in respect of paragraph 28.22 of FRS 102	<b>2.163</b>	(6.100)
Total amount recognised in other comprehensive income	<b>3.394</b>	3.097

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

<b>Changes to the present value of defined benefit obligation</b>	<b>31 March 2024</b> £m	31 March 2023 £m
Opening defined benefit obligation	21.736	30.986
Current service cost	0.327	0.637
Interest expense on defined benefit obligation	0.996	0.833
Contributions by participants	0.093	0.092
Actuarial (gains)/losses due to changes in financial assumptions	(0.839)	(12.289)
Actuarial (gains)/losses due to changes in demographic assumptions	(0.320)	0.111
Actuarial (gains)/losses due to liability experience	0.265	1.761
Net benefits paid out	(1.189)	(0.395)
Net increase in liabilities from disposal / acquisitions	(21.069)	0.000
Closing defined benefit obligation	0.000	21.736

<b>Changes to the fair value of assets</b>	<b>31 March 2024</b> £m	31 March 2023 £m
Opening fair value of assets	27.836	28.417
Interest income on assets	1.283	0.766
Remeasurement gains/(losses) on assets	0.337	(1.220)
Contributions by the employer	0.003	0.176
Contributions by participants	0.093	0.092
Net benefits paid out	(1.189)	(0.395)
Net increase in assets from disposal / acquisitions	(28.363)	0.000
Closing fair value of assets	0.000	27.836

<b>Actual return on assets</b>	<b>31 March 2024</b> £m	31 March 2023 £m
Interest income on assets	1.283	0.766
Gain/(loss) on assets	0.337	(1.220)
Actual return on assets	1.620	(0.454)

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2024.

**21. Pension – Movements in Reserves**

	31 March 2024	31 March 2023
	£	£
Current service cost	(327,000)	(637,000)
Net decrease in assets from disposal/acquisitions	(28,363,000)	-
Employer contributions & net pension	3,000	176,000
	<b>(28,687,000)</b>	<b>(461,000)</b>
Interest on liabilities	287,000	(67,000)
	<b>(28,400,000)</b>	<b>(528,000)</b>
Remeasurement gains/(losses) on assets	337,000	(1,220,000)
Net decrease in liabilities from disposal/acquisitions	21,069,000	-
Actuarial gains/(losses) on liabilities	894,000	10,417,000
Adjustment in respect of paragraph 28.22 of FRS 102	6,100,000	(6,100,000)
	<b>28,400,000</b>	<b>2,259,000</b>
Opening position	-	(2,569,000)
Closing position	-	-

## Notes to the Consolidated Financial Statements for the year ended 31 March 2024.

### 22. Cash flow from Operating Activities

	Group		Charity	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£	£	£	£
Net movement in funds for the year before transfers and excluding interest	(1,395,879)	(561,447)	(1,395,879)	(561,447)
Adjustments for:				
Depreciation on tangible assets	44,598	44,598	44,598	44,598
(Profit) / loss on disposal of assets	62,435	-	62,435	-
Pension charges	37,000	528,000	37,000	528,000
(Increase)/decrease in stock	88,201	(8,126)	49,291	(3,789)
(Increase)/decrease in debtors	939,740	(461,612)	960,362	(457,065)
Increase/(decrease) in creditors	269,318	457,004	289,126	448,450
	45,413	(1,583)	46,933	(1,253)

Reconciliation of net debt - Group	1 April 2023	Cash-flows	31 March 2024
	£	£	£
Cash	26,154	(6,894)	19,260
Loans falling due within one year	(51,536)	(35,874)	(87,410)
Loans falling due after more than one year	(88,181)	88,181	-
	(113,563)	45,413	(68,150)

Reconciliation of net debt - Charity	1 April 2023	Cash-flows	31 March 2024
	£	£	£
Cash	24,634	(5,374)	19,260
Loans falling due within one year	(51,536)	(35,874)	(87,410)
Loans falling due after more than one year	(88,181)	88,181	-
	(115,083)	46,933	(68,150)

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2024.

**23. Analysis of Net Cash Resources**

	1 April 2023	Cash flow	Other non-cash charges	31 March 2024
	£	£	£	£
Net cash Group	26,154	(6,894)	-	<b>19,260</b>
Net cash Charity	24,634	(5,374)	-	<b>19,260</b>

**24. Cash and Cash Equivalents at the End of the Reporting Period**

	Group		Charity	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£	£	£	£
Increase/(decrease) in cash during the year	<b>(6,894)</b>	(51,486)	<b>(5,374)</b>	(51,156)
Opening cash	<b>26,154</b>	77,640	<b>24,634</b>	75,790
Closing cash	<b>19,260</b>	26,154	<b>19,260</b>	24,634

**25. Contingent Asset**

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a LGPS admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

**26. Controlling Party**

The Charity is controlled by the Board of Trustees.

**27. Funds held as Custodian**

During the year funds were held on behalf of Blyth Valley Trust for Youth, an amount of £25,199 (2022-23: £25,199) is shown as a creditor at the year end.

## **Notes to the Consolidated Financial Statements**

for the year ended 31 March 2024.

### **28. Related Party Transactions**

All transactions between the Charity and its subsidiary, Active Northumberland Trading Limited are eliminated on consolidation.

The 2023-24 agreed management fee from Northumberland County Council was £1.96 million (2022-23: £2.06 million). In addition, further funding of £0.50 million was agreed (2022-23: £1.12 million) which was raised at the year-end as a debtor.

There were also other goods and services provided to Northumberland County Council of £0.34 million (2022-23: £0.30 million) and other goods and services received from Northumberland County Council of £1.70 million (2022-23: £1.41 million).

From 1 April 2015 Active Northumberland has used Northumberland County Council's Enterprise Resource Planning system, Oracle e-Business for all expenditure transactions and reporting through the general ledger. At the end of 2023-24 Active Northumberland was owed £2.34 million by Northumberland County Council (2022-23: £2.64 million)

In 2023-24 there have been goods or service received from NWG Business - £233,872 (2022-23: £131,326)

### **29. Contingent Liabilities**

There were no contingent liabilities identified as at 31 March 2024 (31 March 2023: nil).

### **30. Post Balance Sheet Events**

Following the cessation of the leisure contract with Northumberland County Council on 31 March 2024 the company was no longer considered a going concern. A Memorandum of Understanding (MoU) was agreed with the council to ensure a smooth closedown and transition to the new leisure provider. On 6 November 2024 the Board of Trustees agreed that the company would enter liquidation with the closedown being undertaken by an insolvency practitioner and any remaining assets transferring to Northumberland County Council in line with the MoU.

**ACTIVE NORTHUMBERLAND**

England & Wales - Charity number 1153198

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# Accounts

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Company Registration Number: 08484436 (England and Wales)

Charity Registration Number: 1153198



(a Company limited by guarantee and not having a share capital)

## **Trustees' Annual Report and Financial Statements**

**For the Year Ended 31 March 2023**

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## Legal and Administrative Information for the year ended 31 March 2023

<b>Trustees</b>	David Hall (Chair)	
	Jane Riley (Vice Chair)	
	Steve Crosland (Vice Chair)	
	Modaser Choudhary	Resigned 10 February 2023
	Malcolm Copland	
	Claire Riley	Resigned 4 April 2022
	Jamie Chapman	
	Brian Welsh	Resigned 8 December 2023
	Emma Williams	Resigned 14 November 2023
	Helen Wilcox	Resigned 11 October 2023
	James Carss	
	Jeffrey Watson	Appointed 1 May 2022 & Resigned 13 July 2022
<b>Secretary</b>	Karla Sweeney	
<b>Chief Executive</b>	Mark Warnes	
<b>Company number</b>	08484436	
<b>Charity number</b>	1153198	
<b>Registered Office</b>	Concordia Leisure Centre Forum Way Cramlington Northumberland NE23 6YB	
<b>Bankers</b>	The Co-operative Bank Norfolk House 84 - 86 Grey Street Newcastle Upon Tyne NE1 6BZ	
<b>Legal Advisers</b>	Wrigley Solicitors 19 Cookridge Street Leeds LS2 3AG	
<b>Auditors</b>	Robson Laidler Fernwood House Fernwood Road Newcastle Upon Tyne NE2 1TJ	

# Trustees' Annual Report for the year ended 31 March 2023

## TRUSTEES' REPORT

The Trustees, who are Directors for the purpose of Company law, present their annual report (including the Strategic Report) on the affairs of the Charity and the Group, together with the financial statements and the auditor's report for the year ended 31 March 2023.

### Introduction

Active Northumberland is a registered Charity (Company limited by guarantee) formed in 2014 from a merger of several different leisure service providers. Active Northumberland employs circa 811 people (assignments), of which 395 are contracted and 416 are casual employees, and a Board of Non-Executive Directors (Trustees) with a relevant range of expertise and senior level management experience.

### Mission and Proposition

Active Northumberland delivers leisure services on behalf of Northumberland County Council with the aim of improving and supporting the lives of residents and visitors to the County by primarily increasing population physical activity levels, thereby improving health and wellbeing in line with Northumberland County Council's strategic objectives.

Active Northumberland's proposition is "To provide great experiences in great places for everyone".

### Vision and Focus

Active Northumberland's vision is "To be the best community leisure and wellness provider in the UK".

Active Northumberland's focus is to continue to deliver a Transformation Strategy that will allow us to become a nationally leading leisure trust through optimising participation in our leisure services and by delivering a wider, positive impact across health, social care, and education with outstanding levels of quality and efficiency.

### Structure and Governance

#### Board of Trustees

Chair	David Hall	Trustee	Brian Welsh
Vice Chair	Jane Riley	Trustee	James Carss
Vice Chair	Steve Crosland	Trustee	Helen Wilcox
Trustee	Jamie Chapman	Trustee	Emma Williams
Trustee	Malcolm Copland		

## Trustees' Annual Report for the year ended 31 March 2023

### Executive Leadership Team

Chief Executive	Mark Warnes
Director of Operations	Paul Metcalfe
Head of Commercial and Resources	Joanne Farrier
Consultant Head of PE, & School Sports	Franki Clark
Operations Manager	Leanne Beattie

Active Northumberland is a Company limited by guarantee, established under a Leisure Partnership Agreement with Northumberland County Council which lays out the objects and powers of the Company and is governed under its Articles of Association.

Active Northumberland is governed by its Board of Trustees. The Articles of Association were reviewed and amended on 17 April 2019 by removing the provision for organisational members in order to strengthen Trustee governance.

There is provision for an unlimited number of Trustees, with 10 serving during 2022-23. Trustees are required to bring a mix of skills and experiences which include customer engagement and advocacy, health improvement, corporate law and governance, finance, and commercial sport and leisure services and/or marketing to help oversee the overall management of the Company and to maintain a sustainable business.

The Board has worked to assure themselves that the Company is delivering effectively against its key aims and charitable objectives. The Board has implemented arrangements in line with the Partnership Agreement with Northumberland County Council so that Active Northumberland manages the operation of leisure facilities and services on behalf of the Council. The Partnership Agreement coupled with a performance management framework ensures progress is appropriately recorded and acknowledged, and that under Active Northumberland's management Northumberland County Council's leisure assets and resources are optimised and successfully contribute to the Council's strategic priorities.

The Company is managed by the Board and Executive Leadership Team through financial and non-financial key performance indicators, thorough budget monitoring key national benchmarking performance and service quality indicators. This is all monitored and reviewed using the Company's Corporate Scorecard.

Monthly budget meetings and review meetings are held by Executive Management with the Senior Management, the Finance Team, and budget holders to review performance and progress, and in turn the Executive management report bi-monthly to the Board's Finance and Audit Committee and in turn full Board meetings.

Active Northumberland has developed a Strategic Risk Register and stringent health and safety arrangements which are routinely monitored and reported at board meetings.

## **Trustees' Annual Report for the year ended 31 March 2023**

Induction of new Trustees is undertaken jointly by the Company Secretary and the Chief Executive which ensures new Trustees know and understand their responsibilities as a Trustee of the charitable Company; and they have an insight into the activities of Active Northumberland. They are also introduced to the relationship between Active Northumberland Limited and Active Northumberland Trading Limited.

The Board of Trustees has signed up to and acts within the principles of the Active Northumberland Governance Code of Conduct. A standing agenda item, enabling Trustees to declare any relevant interests, is included at each Board meeting. The Board has agreed a Conflicts of Interest Policy taking account of the Charity Commission and Regulator Guidance.

During 2022-23 the Board convened every two months. Meetings were attended by members of the Executive Leadership Team along with the Finance Manager from Northumberland County Council. This ensured representation of key personnel with responsibility for the leadership of strategic business development areas and service delivery functions. Meetings during this financial year have been conducted both virtually and in person.

A minimum attendance of 50% for all Board meetings has been agreed and attendance at Board meetings remains high at 85% overall. This is monitored by the Company Secretary and reported to the Board on an annual basis enabling any issues to be addressed. All Board meetings have taken place as planned; thus, enabling effective decision making throughout the year.

A Code of Practice for Trustees is in place and signed-up to by all Trustees on appointment. An annual declaration of interest is also completed and reported to the Board. A skills audit was undertaken in June 2021 and is now being used in the recruitment of all Trustees.

### **Companies Act 2006 - 172 Duty to promote the success of the Company**

(1) A Trustee of a Company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term,

Board members have been selected from a broad range of businesses and industry sectors with a wealth of experiences at the highest level to ensure that those professional experiences and knowledge base can be drawn upon for the benefit of the Company. All Board members have the best interests firmly at the heart of the decisions that are taken and through the collective decision and reasoning would always act in the best interests of the Company. Any declarations of interest from Board Members are always declared and minuted at the beginning of every Board Meeting.

(b) the interests of the Company's employees,

## Trustees' Annual Report for the year ended 31 March 2023

The Board is firmly behind the development and welfare of all employees and ensures that training and welfare is at the heart of the Company's Transformation Strategy and Corporate Scorecard monitoring.

(c) the need to foster the Company's business relationships with suppliers, customers, and others,

Please see section - **Suppliers**

(d) the impact of the Company's operations on the community and the environment,

The Board are keen to promote the perception and footprint of the business within the community and environment. As part of the Business Transformation Strategy, the rebranding of the Company along with the setting of values and vision for the Company demonstrates this very well. Environmentally the Company has pursued a green initiative to switch to greener fuel sources through the installation of solar panels at Berwick, Wentworth, Blyth, Prudhoe, Ashington, Concordia, and Morpeth leisure centres. We have also installed ground source heating at the Willowburn Leisure Centre as well as reducing packaging and waste through the Company's food and beverage facilities and outlets.

A new environmental strategy has been developed and launched across the business during February 2023, and is prominently highlighted on public notice boards in all of our 10 major leisure centres along with new recycling bins that separates different waste streams for the purpose of more efficient recycling.

(e) the desirability of the Company maintaining a reputation for high standards of business conduct.

High standards and reputation are monitored and upheld through the performance management of the Company through the Corporate Scorecard that uses metrics and nationally benchmarks standards. As part of our Transformation Strategy, we are continuing to prepare our centres to be accredited by Sport England's continuous improvement tool 'Quest' to demonstrate the extremely high standards being delivered and achieved at our locations. Ashington Leisure Centre and Berwick Sports & Leisure Centre achieved a 'Very Good' status in March 2023, with Ashington achieving 4<sup>th</sup> place nationally and Berwick 12<sup>th</sup>.

(f) the need to act fairly between members of the Company.

The Company rigorously follows our policies regarding the treatment of our colleagues, and we ensure that all engagement is done in a non-biased and fair manner ensuring not to discriminate against anyone no matter their ethnic background, religion, gender, social background, or ability. We engage closely and regularly with our Unions GMB and Unison to help us shape and develop our Company policies.

## Trustees' Annual Report for the year ended 31 March 2023

### Management

Active Northumberland's administration base resides within the Concordia Leisure Centre which is the registered head office.

Active Northumberland is managed by a Chief Executive who reports to the Board of Trustees. Mark Warnes was appointed initially as Interim Chief Executive and commenced duties on 18 February 2020.

The Board and Chief Executive, together with the Executive Leadership Team are responsible for the strategic direction of the Company.

The Executive Management are responsible for the day-to-day operation and development of the business and follow the annual financial business plan and Transformation Strategy as set out in agreement with the Board.

The Board is responsible for setting the pay and remuneration of key leadership personnel.

Significant management progress has been made in that:

- The Partnership Agreement between Active Northumberland and Northumberland County Council, which ended on 31 March 2022, was extended for a further year while the Council undertook a procurement process for the future provision of leisure services.
- The Company strategy (Transformation Strategy) was updated in April 2022 and has continued to roll out numerous initiatives across the business. The Active Northumberland brand has been successfully implanted across most of the estate, along with the food and beverage brand Hive Café and Hive Sports Bar. The branding is particularly prominent in the 2 new leisure Centres that have opened during 2022 and 2023 (Berwick Sports & Leisure Centre and Morpeth Sports & Leisure Centre) as well as light refurbishments at Ashington and Concordia. A new 3-year transformation plan has been developed and was launched in May 2022 and will see further improvements in our branding, marketing, and digital assets software and technology.
- A comprehensive action plan was produced and completed addressing the challenges and issues raised in the Active Northumberland employee survey undertaken in November 2021. The results of the 2022 survey have improved dramatically across all categories of the survey due to some of the initiatives implemented after the previous survey. The colleague newsletter and colleague app has significantly improved colleague engagement including their access to company policies, direct access to the company training platform, internal job vacancies, benefits, reports, and latest news.

## Trustees' Annual Report for the year ended 31 March 2023

- Our Internal Auditor TIAA conducted their third phase of their 3-year audit plan. Risk Management, Budgetary Control, ICT Management Controls, Marketing, Health & Safety Staffing & Training, and Catering & Vending audits were all undertaken and the results were all extremely positive with only very few minor recommendations being put forward for action, and 2 audits rated as having 'considerable assurance'. The contract with TIAA was extended for an additional year and a new program of audits has now been agreed for 2023-24.
- The contract with our external auditor Mazars ended, and therefore we ran a procurement exercise to tender the contract. Following this process, Robson Laidler were appointed for 12 months, with an option to extend to 2 years.

Service level agreements for the supply of the following services are in place with Northumberland County Council:

- Shared Services Procurement Team
- Communications
- Health and Safety
- Information Services
- Human Resources and Organisational Development
- Corporate Financial Services
- Energy
- Reactive Repairs and Planned Maintenance
- Statutory Maintenance, Testing, and Inspection

### Staffing

Active Northumberland employs circa 811 people (assignments), located across Northumberland. Due to the nature of the business a number of employees are employed on a seasonal/casual basis. The number of positions has significantly increased due to the increased levels of commercial activity and increases in memberships and overall usage of the centres. The increase in staffing has been controlled and in line with demand and budgets.

The overall business review program has continued to deliver a positive impact on employees and Company performance. The review program is ongoing with regards to policy and practice rationalisation, including the review and replacement of Human Resource Policies in partnership with Trade Unions, and further development and streamlining of central support services.

Continual improvement and change are being supported by a programme of leadership development and high-quality professional development opportunities for employees aligned to the objectives of the updated Transformation Strategy.

## **Trustees' Annual Report for the year ended 31 March 2023**

### **Suppliers**

The Company collaborates with suppliers across many different areas of operation including goods and services. Supply chains are reviewed periodically in line with the terms of our engagement with our suppliers and any service level agreements that we have in place. In the event that there is a requirement to review or change any of our suppliers then we go through a thorough tendering process. Where it involves a significant purchase of goods or services, we use the procured services of Northumberland County Council's Procurement Team to conduct the tendering process.

The Board holds a strong desire to give local businesses every opportunity to tender for the procurement of all our required goods and services, and these are always evaluated in line with the transparent and robust procurement tendering process. The Board appreciates the importance of fostering supplier relationships to ensure that there is quality and consistency of goods and services to the business, and any changes to significant suppliers would be in agreement with our Trustees.

The reduction in the quantity of suppliers providing goods and services made in 2021 has continued to see a significant reduction of invoicing for our administration team, and has also helped to control stock levels, wastage and at the same time provides a consistent quality across all centres.

### **Financial Matters and Funding Streams**

In addition to income generated specifically from service provision and delivery, Active Northumberland receives funding from:

- Northumberland County Council management fee.
- Donations – Prior to 2019-20 Advance Northumberland gave a charitable donation of up to £1.00 million to Active Northumberland, however this arrangement has now ended. Due to the cessation of the arrangement, it was agreed at the meeting of the County Council on 19 February 2020 that the Council would increase the management fee in 2019-20 and the subsequent 2 years by up to £1.00 million, this was then further extended for the 2023-24 financial year to run in line with the agreement by Active to extend the current Service Agreement for a further year.
- Sport England (grant funding for specific projects).
- Town and Parish Councils (grant funding for specific projects).
- School Games Partnership Funding in order to provide staffing for the School Games project.
- The Council has provided a letter of support to Active Northumberland to ensure continued liquidity and to safeguard Active Northumberland's cash reserve. This letter of support runs through until 31 March 2023, with a further letter confirmed to cover 2023-24.

## **Trustees' Annual Report for the year ended 31 March 2023**

### **Public Benefit**

The charitable Company is a public benefit entity. When considering its proposed plans of activity, the Trustees have considered the Charity Commission's guidance on public benefit, and fee charging.

Improvements introduced to benefit customers and to improve their experience are summarised as follows:

- Launched our new look and rebranded website with improved functionality in January 2023, with further developments planned during the 2023-24 financial year.
- The switch to in-house payment collections in order to provide a seamless payment service has made a significant improvement to customer satisfaction due to faster reaction times by our own in-house colleagues compared to the previous service where we had no direct control.
- Faster online joining experience for members and customer journey, reducing membership joining time and simplifying the membership choice of products.
- Continued and extended corporate membership offers for Northumberland County Council and public service employees.
- A review of the Exercise on Referral scheme to include a new weight management pathway for easy referral by GP's.

### **Operational Activity**

#### **Our People**

Active Northumberland operates 9 main leisure centres (some of which combine library services), plus 3 sports and welfare centres, 2 stand-alone gyms and a collection of Beach Huts in Blyth. Previously we operated 3 school sports facilities and the Pegasus Riding Centre, all of which have now seen operation of these transfer back to the school trusts and in the case of Pegasus Riding Centre has been re-homed with new operators at the Kirkley Hall Equestrian Centre.

Considerable progress has been made with regards to the development of products and services, summarised as follows:

- Our PE and school sport programme has continued to grow and supports 129 schools through the School Games initiative and 30 schools through the School Premium Partnership.
- Our bespoke physical activity scheme to engage mums ("Mams on the Move") has continued despite seeing an end to the available funding. We have increased the number of sessions as well as the number of locations that we are able to offer this service. The programme continues to see healthy increases in participation and is helping to reduce the risk of postnatal depression in the county.

## Trustees' Annual Report for the year ended 31 March 2023

- A Companywide rollout of the Hive brand has been implemented across all the café sites within the portfolio on the completion of the new Berwick and Morpeth leisure centres. The ten-pin bowling software upgrade with the latest screen technology provides a better customer experience and has provided a smoother online booking process for customers and the Active Northumberland contact centre.
- We have launched a new automated holiday booking portal (Oracle) for colleagues to log their annual leave. This now supports the reviewing and authorising of annual leave and makes it much easier, providing management with full reporting and providing clear visibility of annual leave consumption.
- We continue to develop and grow our new training portal (Future Fit) which is now in place for all colleagues to register and undertake training and record CPD (Continued Professional Development). This provides an easy central point for colleagues to record their information and provides management with invaluable data reporting. The portal can store and record all additional training records as well as all Human Resources Policies, along with reporting on their completion.
- A new telephone system has been introduced across the company, with handsets being largely removed and a web-based system being installed to significantly reduce costs, as well as being able to have better monitoring and reporting capabilities for our contact centre.
- We have started the roll out of a new digital food safety software and hardware across the estate to fully digitise the recording and management of our daily food safety tasks such as recording fridge and freezer temperatures, food temperatures, and cleaning regimes.
- A review of the company's EPOS system has been undertaken, and a new partner has been selected to replace the existing software. Early work has begun, and we will roll this out fully during 2023-24.
- We have introduced a new set of membership types that include standard fitness memberships as well as a new spa inclusive offer. All memberships include discounted offers for concessions, over 65's and we have extended our junior membership offer to include longer session times.
- A new team of Membership Engagement Advisors was established to assist new members and customers in welcoming them into their new fitness journey. By helping new joiners on their fitness pathway, we will help customers to reach their fitness goals and achieve greater benefit while exercising. We have already delivered over 9,000 sessions.

## Trustees' Annual Report for the year ended 31 March 2023

- A review of our customer loyalty program has resulted in a reduction in points being offered and a tailoring of what points could be redeemed on. During 2023-24 the loyalty program will be phased out but will provide members with an instant discount on all our sports retail offerings as well as at our Hive Cafes on food and drinks.
- Our values and vision ensure that we offer equal opportunity to colleagues and customers no matter their social background, ethnicity, religious beliefs, or ability.
- At Active Northumberland we put the needs of all our customers first and are committed to providing a responsive, accessible, and professional service that seeks to improve at every opportunity (customer service statement). Our service proposition is to "provide great experiences in great places for everyone".
- One of our published values is that we are an inclusive trust "Our commitment to inclusion means we understand and respect differences, we collaborate as a team and we break down barriers to enable people who are socially excluded, disadvantaged, isolated and vulnerable to participate and achieve their goals".
- Active Northumberland is an equal opportunities employer, regardless of protected characteristics. Recruitment is managed by Northumberland County Council and the Council has been awarded "disability confident" accreditation, as a demonstration of both Active Northumberland's and Northumberland County Council's commitment to not treat disabled people less favourably. Should applicants request consideration under the guaranteed interview scheme. Applicants with a disability are guaranteed an interview, provided that they meet the essential criteria outlined in the person specification.

### Our Facilities

The majority of our facilities are owned by Northumberland County Council and are leased to Active Northumberland to deliver services. Progress relating specifically to facilities can be summarised as follows:

- The second phase of the construction of a new £21.00 million construction at Berwick saw the addition of the new sports hall completed in November 2022. The third phase, to create a new car park has been delayed due to the contractor going into administration, however a new contractor has been appointed and work is already underway to complete this final phase by August 2023.
- The operation of the Pegasus Riding Centre was transferred to the Kirkley Hall Equestrian Centre (Northumberland College) in May 2022 securing the home of the Riding for the Disabled Association (RDA). All permanent staff members have been transferred under TUPE as part of the service transfer.

## Trustees' Annual Report for the year ended 31 March 2023

- The £2.00 million refurbishment of Newbiggin Sports and Community Centre saw completion in September 2022. The refurbishment included a new roof and remarking of the floor to the main sports hall, refurbished and enlarged gym area, new spin studio, new dry change facilities, relocation of the library and general redecoration. Northumberland Communities Together (NCT) are now the main operator of the building although Active Northumberland is the sole operator of activity in the sports end of the building as a tenant. This has seen a reduction in overall running costs for the centre given that we are no longer sole operators of the building.
- We are continuing to improve access and services at our facilities for disabled customers and staff, with the installation of new pool pods at Berwick, Morpeth and Wentworth leisure centres as well as construction of new 'changing places' at Newbiggin, Berwick, Blyth and Morpeth.
- Construction of the new £21.00 million leisure centre in Morpeth has now been completed, with the keys being received mid-March 2023. The centre opened at the beginning of April 2023. The new centre includes a 6-lane swimming pool, learner pool, soft play zone, spa, 2 fitness studios, 4 court sports hall, cycle studio, and state of the art gym.
- Extensive work to the air handling units (£400k) was completed in December 2022 at Concordia to improve the air temperature, quality and flow in the swimming pool area. This will also help to be far more energy efficient and help to save on high utility costs.
- The service at the Sporting Club Bedlington Club was transferred back to the school Trust on the 1 September 2022, where they have continued to provide community access to the sporting facilities and all management of the site now resides with them.
- As part of a wider management reporting review, we have realigned the reporting lines for our catering teams to ultimately report into the Duty Managers on site, as well as all reception colleagues. Fitness Managers have also seen their reporting line changed directly to the General Managers. Our Administration Managers have now been relocated centrally at head office to improve efficiency, with 1 day per week allocated to on-site working and training. All changes have been consulted on and agreed to improve communication, performance, and response times within the leisure operations teams.
- Environmental measures included reduction of plastic waste through the use of recyclable wooden cutlery and cups for our takeaway food and drinks as well as plastic re-usable cups with paper straws for sales of our slushies.

## Trustees' Annual Report for the year ended 31 March 2023

### Our Partners

Active Northumberland primarily serves the residents of Northumberland and in doing so recognises the need to collaborate with like-minded partners to take advantage of the vast opportunities available to deliver shared and overlapping objectives. Active Northumberland's endeavours to maximise partnership working has led to the following progress:

- The inclusive County School Games has been extremely successful with over 10,000 children attending sessions and events throughout the year. This was delivered by way of physical activity as opposed to a traditional competition format engaging young people through participation in sport, and leadership opportunities. We have continued to concentrate working with targeted socio-economic groups ensuring a fully inclusive offer.
- Our schools funded support of secondary teacher CPD delivery has seen over 100 teachers attain CPD through our in-house delivery.
- The FA (Football Association) funding for equal parity for girls' football in the curriculum has seen over 270 young girls participating in football and gaining CPD through our delivery.
- Continued proactivity towards supporting national industry developments which have furthered learning and raised the profile of Active Northumberland with Community Leisure UK, UKactive, Chartered Institute of Management of Sport and Physical Activity, and Swim England.
- We have made our sports hall and fitness studios available for the students at Ponteland High School, in order that they can comfortably sit their GCSE exams.

### Risk Management

A continually revised risk register is in place and is managed by the Director of Operations and Services with oversight from the Chief Executive and the Board. The Board receives regular reports for consideration and take action as required.

Key strategic risks going forward are summarised as follows:

- Failure to maintain viability with a reducing management fee and operate within an increasingly competitive and challenging commercial trading environment including utility and national living wage pressures.
- Failure to develop and retain the capability within the workforce to deliver the strategic objectives identified within the Transformation Strategy.
- Failure to operate swimming pools across the county due to national shortage of chlorine.
- Failure to recruit and retain leadership capacity due to the councils' procurement process.

## Trustees' Annual Report for the year ended 31 March 2023

### Financial Risk Management Objectives and Policies

The financial instruments used by the Group are cash and banking facilities and these provide finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Trustees review and agree policies for managing these risks, which are as follows:

#### Credit Risk

The Group's principal financial assets are cash and debtors. All cash deposits at the balance sheet date were held in the UK. Reputable financial institutions are used in the placement of cash deposits, to reduce the overall credit risk to the Group. In addition, the Group reviews the debtor position regularly. Steps to limit the number of customers and partners that have credit facilities have been introduced to limit further any ongoing exposure. The Group considers the risk of significant bad debts to be low, especially after overseeing a considerable reduction in the number of customers and clubs receiving credit facilities in favour of up-front payment or advance payment.

#### Liquidity Risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The main risk to liquidity sits with the volatility of the utility costs which have seen costs rise from £2.14 million to £3.60 million per year. Purchasing of utilities is made in conjunction with Northumberland County Council through NEPO to ensure that we obtain competitive rates. Most of our energy is forward bought, however there is a small percentage that is subject to daily market rates. The ongoing risk around utilities will be very dependent on market forces and climate which will both have profound effects on cost.

Certain information required to be disclosed in the Trustees' Report, including principal risk and uncertainties by regulations made under section 416(4) CA 2006 to be disclosed in the Trustees' report, are covered in the Strategic Report as the Trustees consider that these are of strategic importance.

Approved by the Board and signed on its behalf by:

David Hall

Chairman

Date:



20.1.24

# Trustees' Annual Report for the year ended 31 March 2023

## STRATEGIC REPORT

### Financial Review

#### Financial Performance

The overall result for the Charity, and its trading Company, for the financial year was a loss of £561,447 (2021-22: £753,727 loss) before actuarial losses/gains on the defined benefit pension scheme.

The loss of £561,447 relates to an in year loss of £20,081 from the Charity and its trading Company; a net expenditure of £528,000 relating to pension charges; and a net expenditure of £13,366 against restricted funds which is primarily due to the transfer of reserves relating to school games services.

#### Reserves Policy

The reserves policy is to meet the needs of the organisation and agree a suitable level of reserves to meet any reasonable contingency that may arise. Currently the Board is agreed that a reserve of 10% turnover or 3 months staffing costs (£1.30 - £2.00 million) is appropriate as long as the Partnership Agreement with Northumberland County Council remains in place.

As at 31 March 2023 reserves consist of unrestricted general funds of £1,307,467 (2021-22: £1,327,548), designated funds of nil (2021-22: £2,569,000 deficit) and restricted reserves of £188,755 (2021-22: £202,121).

Following the announcement in December 2023 that the Partnership Agreement with Northumberland County Council would end on 31 March 2024 the Charity and the Council have signed a Memorandum of Understanding (MoU) which sets out the commitments regarding the transition to the new leisure provider and the winding up of Active Northumberland. The MoU includes a commitment from the Council to work with Active Northumberland to produce and keep under review detailed cashflow forecasts and estimates of potential liabilities and to provide such financial support as is necessary to ensure that Active Northumberland remains solvent up to and including the closing down or winding up of the business. Any surplus remaining after the full closure of the business will be transferred to the Council, in line with Charity Commission accordance, and in order to continue to support leisure activities in Northumberland.

#### Investment Policy

Under the Memorandum and Articles of Association, the Charity has the power to make any investment that the Trustees see fit. The Charity is now utilising the financial information system and therefore the bank account of Northumberland County Council for all payments and receipts.

## Trustees' Annual Report for the year ended 31 March 2023

### Principal Funding Sources

- Northumberland County Council management fee
- Sport England (grant funding for specific projects)
- Town and Parish Councils (grant funding for specific projects)

### Going Concern

On 4 December 2023 it was announced that Active Northumberland had been unsuccessful in its bid for the leisure contract with Northumberland County Council and the current contract arrangement would cease on 31 March 2024.

Due to the loss of contract with the Council the Board consider that Active Northumberland is no longer a going concern and the accounts have been prepared on that basis.

The Active Northumberland Board agreed a negative budget for the 2022-23 financial year due to the continued cost pressures on utility costs and elevated staffing costs due to the rise in the cost of the National Living Wage.

The Council confirmed it would provide significant additional financial support during the 2022-23 financial year to enable Active Northumberland to deliver financial balance and to maintain its current level of cash reserves.

The Board considers that the level of financial reserves, along with the support from the Council, means that sufficient funds are available to settle outstanding liabilities in the closedown of the company. The Council and Active Northumberland continue to work together to ensure an orderly winding up of Active Northumberland.

### Pension Fund

All employers with final salary pension schemes must include the financial position of the pension fund in their own accounts, in accordance with FRS 102. At 31 March 2023, the Charity's share of the Tyne and Wear Pension Fund was written down to nil on the basis that the Charity is no longer a going concern (31 March 2022: £2,569,000 liability).

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a Local Government Pension Scheme (LGPS) admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

Due to changes in pension legislation, and the long-term uncertainty about pension scheme costs, Active Northumberland undertook a rigorous evaluation process and joined the SPORTA pension scheme, Friends Life, and this provider is now the vehicle for "auto-enrolment" for employees.

## Trustees' Annual Report for the year ended 31 March 2023

### Funds Held as Custodian Trustee on Behalf of Others

Active Northumberland holds cash funds on behalf of Blyth Valley Trust for Youth, a registered Charity (number 514145) with objectives of the advancement of education and wellbeing of young people from the borough of Blyth Valley. Details of the amounts at the year-end can be found in note 27.

### FUTURE PLANS INCLUDING RISKS AND UNCERTAINTIES

Working with Northumberland County Council and our partners we will be extremely busy in the year ahead. Future plans are summarised as follows:

- Further develop the look and feel of our website and App based upon customer feedback and introduce an industry leading customer journey and reception experience across the estate.
- Continue to develop and roll out across the portfolio our Exercise on Referral Scheme including the introduction of a weight management component with our Public Health Team partners and Edinburgh Napier University.
- Develop our catering brand to ensure that it aligns with our vision to provide great places to relax, work and socialise with high quality nutritional options and solutions for our customers, while also having an exciting product range offering popular choices for all age groups.
- Continue to develop our Quality Management Framework to drive the successful achievement of Quest accreditation at all our larger leisure facilities.
- Develop our Group exercise programme making Les Mills a core feature at all our facilities including the newly built centres.
- Develop an assisted movement programme that can be part of our referral programme and also help those with Parkinson's, MS and general mobility issues.
- Further develop community volunteering to grow and sustain activities to combat postnatal depression with our Mams on the Move program.
- Develop our leading-edge PE and school sport CPD programme for teachers with our partner schools to drive the consistent offer of high-quality PE and school sport countywide.
- Acknowledge and celebrate our employee achievements through the evolution and development of our successful badge and reward initiative, culminating in our annual awards evening at an external venue.

## Trustees' Annual Report for the year ended 31 March 2023

- Train and develop skills within our existing workforce as well as qualify new fitness and swim instructors in order that we can organically grow our own talent base.
- Complete the transformation of our head office space at Concordia Leisure Centre that occupies the former Cramlington library space.
- Replace the front glazing, service lift, customer lift, and refurbish some more public areas of the Concordia Leisure Centre.
- Complete the redevelopments at the Berwick Leisure Centre with our partner Advance Northumberland.
- Complete energy efficiency audits and produce a new progressive energy efficiency and recycling plan to reduce our carbon footprint.
- Develop and roll out revised Company Goals and Vision to the workforce through marketing campaigns and training to ensure that all new colleagues understand the plan.

### **Investment in Leisure Facilities**

Northumberland County Council has invested significantly in sport and leisure provision across Northumberland and continues to provide investment in leisure facilities through business plans being submitted and agreed with Active Northumberland.

Major investments involve rebuilding state-of-the-art leisure facilities in Ponteland, Berwick and Morpeth, and the refurbishment/redevelopment of Blyth Sports Centre and Newbiggin. A new project is about to commence which will see an investment of £700k to refurbish the glazing, reception and toilets at Concordia Leisure Centre which is due for completion in autumn 2023.

Combined committed capital investment is circa £65.00 million. In addition, Northumberland County Council has invested in a planned programme of major repairs and backlog maintenance work across the property estate which is appropriately scheduled and agreed on an annual basis.

### **Workforce Requirements**

The workforce will continue to be kept under review to ensure the Company has the capability to deliver the strategic objectives identified in the Transformation Strategy, whilst maintaining an efficient employee cost base. Effective recruitment and training will ensure that the Company continues to provide equal opportunities in employment and that the workforce continues to have the relevant skills and abilities for the organisation's current and future needs.

## Trustees' Annual Report for the year ended 31 March 2023

To support this, a leadership development programme was designed and rolled out from June 2019, and the Workforce Development Plan will continue to be enhanced to include a progressive range of new industry leading professional development opportunities. A programme of qualifications has been developed in conjunction with an education provider to develop and qualify new Leisure Attendants and Duty Managers, and we have recruited 10 new apprentices to support areas across the business and provide career opportunities to enter the health, leisure and wellbeing industry.

In addition, we have started a new training program to qualify a new cohort of swim instructors and lifeguards, and this will be an ongoing program to ensure that we create our own talent base for the future.

The Board recognise that faced with the challenge of transforming services in an increasingly competitive trading environment with a reducing management fee, the Company must develop and retain the expertise and skills necessary to deliver investment and growth, and most importantly to ensure that the Company remains true to its charitable objectives.

Approved by the Board and signed on its behalf by:

David Hall

Chairman



Date:

29.1.24

## Trustees' Annual Report for the year ended 31 March 2023

### Trustees Responsibility Statement

The Trustees (who are also Directors of Active Northumberland for the purposes of Company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Charity and Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company (and the Group) and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company and Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charitable Company and the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable Company (and the Group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable Company and Group's auditor is unaware; and,
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Approved by the Board and signed on its behalf by:

David Hall

Chair

Date:


# Independent Auditor's Report to the Members of Active Northumberland

## Opinion

We have audited the financial statements of Active Northumberland Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the balance sheet ('parent charity' and 'group') the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## 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 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.

## Conclusions relating to going concern

We draw attention to accounting policy 1.1 *Basis for Preparation of the Financial Statements* in these financial statements which explains that the trustees intend to close the parent charity and liquidate the trading company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing these financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in the accounting policies.

Our opinion is not modified in respect of this matter.

## **Independent Auditor's Report to the Members of Active Northumberland**

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the trustees report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees report has 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 the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the trustees annual report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

## **Independent Auditor's Report to the Members of Active Northumberland**

### **Responsibilities of Trustees**

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditors responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The risk of material misstatement due to error or fraud has been assessed in conjunction with how internal controls may mitigate any such risk. These controls are reviewed as part of the audit by performing systems walkthroughs to ensure they are operating effectively. Analytical review and substantive testing is also performed on all material balances and therefore any instances of non-compliance should be identified or considered as insignificant. In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team;

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework, in which the parent company operates and how the company complies with that legal and regulatory framework
- inquired with management and those charged with governance about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud
- discussed with management and those charged with governance any non-compliance with laws and regulations and how fraud might occur including assessments of how and where the financial statements may be susceptible to fraud.

## **Independent Auditor's Report to the Members of Active Northumberland**

The risk of management override of controls was also considered an area of potential misstatement due to fraud. Audit procedures performed included testing of manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*M Moran*

**Michael Thomas Moran FCA**  
**For and on behalf of Robson Laidler Accountants Limited**

**Statutory Auditor**  
Fernwood House  
Fernwood Road  
Jesmond  
Newcastle upon Tyne  
Tyne and Wear  
NE2 1TJ

*31 January 2024*

**Consolidated Statement of Financial Activities**  
(including Income and Expenditure Account)  
for the year ended 31 March 2023

	Note	Unrestricted Funds		Restricted Funds	Total
		General Funds	Designated Funds		
		£	£	£	£
<b>INCOME AND ENDOWMENTS FROM:</b>					
Donations and legacies	4	-	103,025	-	1,975,559
Other trading activities	5	2,446,895	-	-	1,758,138
Income from charitable activities:					
from leisure services		12,880,169	-	181,720	9,235,899
from management fee		2,060,380	-	-	2,160,380
Other income		40,324	-	-	43,874
Total income and endowments		17,427,768	-	284,745	15,173,850
<b>EXPENDITURE ON:</b>					
Raising funds	5	1,621,586	-	-	1,113,257
Charitable activities	6	15,796,180	528,000	306,736	14,788,817
Other expenditure	7	20,458	-	1,000	25,503
Total expenditure		17,438,224	528,000	307,736	15,927,577

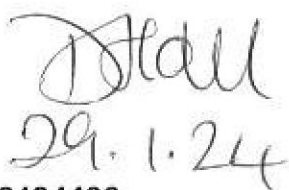


**Consolidated Balance Sheet**  
as at 31 March 2023

	Note	Group		Charity	
		2023 £	2022 £	2023 £	2022 £
<b>Fixed assets</b>					
Tangible fixed assets	11	107,033	151,631	107,033	151,631
Long term investment		-	-	1	1
<b>Current assets</b>					
Stock	13	88,201	80,075	49,291	45,502
Debtors	14	4,363,685	3,902,073	4,339,084	3,882,019
Cash at bank and in hand	24	26,154	77,640	24,634	75,790
		<b>4,478,040</b>	<b>4,059,788</b>	<b>4,413,009</b>	<b>4,003,311</b>
<b>Liabilities</b>					
Creditors: Amounts due within one year	15	(3,000,670)	(2,542,033)	(2,935,640)	(2,485,557)
Net current assets		<b>1,477,370</b>	<b>1,517,755</b>	<b>1,477,369</b>	<b>1,517,754</b>
Total assets less current liabilities		<b>1,584,403</b>	<b>1,669,386</b>	<b>1,584,403</b>	<b>1,669,386</b>
<b>Long term liabilities</b>					
Creditors: Amounts due in more than one year	16	(88,181)	(139,717)	(88,181)	(139,717)
Defined benefit pension asset/(liability)	20,21	-	(2,569,000)	-	(2,569,000)
		<b>(88,181)</b>	<b>(2,708,717)</b>	<b>(88,181)</b>	<b>(2,708,717)</b>
NET ASSETS/(LIABILITIES)	19	<b>1,496,222</b>	<b>(1,039,331)</b>	<b>1,496,222</b>	<b>(1,039,331)</b>
<b>Funds of the Charity:</b>					
Unrestricted funds		<b>1,307,467</b>	<b>1,327,548</b>	<b>1,307,467</b>	<b>1,327,548</b>
Pension reserve		-	(2,569,000)	-	(2,569,000)
	17	<b>1,307,467</b>	<b>(1,241,452)</b>	<b>1,307,467</b>	<b>(1,241,452)</b>
Restricted funds					
Ring-fenced grants	18	<b>188,755</b>	<b>202,121</b>	<b>188,755</b>	<b>202,121</b>
		<b>188,755</b>	<b>202,121</b>	<b>188,755</b>	<b>202,121</b>
TOTAL FUNDS		<b>1,496,222</b>	<b>(1,039,331)</b>	<b>1,496,222</b>	<b>(1,039,331)</b>

Approved by the Board and signed on its behalf by:

David Hall (Chair of trustees)



Date:

Company Registration Number: 08484436

## Consolidated Statement of Cash Flows

as at 31 March 2023

	Note	Group 2023 £	2022 £	Charity 2023 £	2022 £
Cash flows from operating activities	22	(1,583)	99,233	(1,253)	99,233
Cash flows from investing activities:					
Interest received		-	-	-	-
Net cash provided by investing activities		-	-	-	-
Cash flows from financing activities:					
Repayment of borrowing		(49,903)	(48,313)	(49,903)	(48,313)
Net cash used by financing activities		(49,903)	(48,313)	(49,903)	(48,313)
Change in cash and cash equivalents in the reporting period	24	(51,486)	50,920	(51,156)	50,920
Cash and cash equivalents at the beginning of the reporting period		77,640	26,720	75,790	24,870
Cash and cash equivalents at the end of the reporting period	23	26,154	77,640	24,634	75,790

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2023.

## 1. Accounting Policies

### 1.1 Basis of Preparation of the Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2019)" 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 2019; and the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently in the current and prior year. Active Northumberland meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### *Going concern*

As explained in more detail in note 30: *Post Balance Sheet Events*, the Trustees intend to close down the parent charity and liquidate the trading subsidiary and therefore do not consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements. Accordingly, the financial statements have been prepared on a break up basis.

### 1.2 Basis of Consolidation

These financial statements consolidate the results of the Charity and its wholly owned subsidiary Active Northumberland Trading Limited on a line-by-line basis for the year ended 31 March 2023. The charitable Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent charitable Company statement of financial activities. Active Northumberland Trading Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A. The results of the subsidiary are shown in note 5.

### 1.3 Income

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

### 1.4 Grants Receivable

Grants receivable are included in the statement of financial activities within the period to which they relate. If the grants are awarded in respect of particular projects, then all the income and expenditure arising from the projects is shown as restricted activities.

Where grants related to performance and specific deliverables, they are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance, recognition is deferred and included in creditors; and, where entitlement arises before income is received the income is accrued.

## **Notes to the Consolidated Financial Statements**

for the year ended 31 March 2023.

### **1.5 Expenditure**

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are accounted for as goods and services are supplied. Resources expended are included on the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered. Expenditure is classified under the following activity headings:

- Raising funds are those costs incurred in the delivery of trading activities.
- Charitable activities include expenditure associated with the provision of leisure and health promotion activities. These include both direct and related costs. Expenditure on charitable activities includes direct costs of delivering grants and services, and support costs. These are the functions that assist the work of the Charity but do not directly undertake charitable activities, including management and back-office costs. These costs are shown in more detail in note 6.
- Governance costs include expenditure incurred on complying with constitutional and statutory requirements.

### **1.6 Taxation**

The parent Company is a registered Charity and has no liability for corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

### **1.7 Tangible Assets and Depreciation**

Tangible fixed assets are carried at cost less depreciation and impairment. Depreciation is provided at rates calculated to write off the cost of the fixed assets over their expected useful lives on the following basis:

- Fixture, fittings, and equipment – 15 years.

### **1.8 Investments**

Investments in subsidiary undertakings are held at cost less impairment.

### **1.9 Stock**

Stock is valued at the lower of cost and net realisable value. No provision against obsolete or damaged stock is deemed necessary.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2023.

### 1.10 Pension Costs

#### Defined Contribution Pension Plan

The Charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Charity pays fixed contributions into a separate entity. Once the contributions have been paid the Charity has no further payment obligations. The contributions are recognised as an expense in the consolidated statement of financial activities. The assets of the plan are held separately from the Charity in independently administered funds.

Teachers employed by the Charity have membership of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement. The scheme is a defined benefit final salary scheme. It is not possible for the Charity to identify its share of the underlying liabilities in the scheme, and it is therefore classed as a defined contribution scheme for the purposes of the accounting requirements of FRS 102 and does not form part of the pension deficit.

#### Defined Benefit Pension Plan

The Charity operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset or liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Charity engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of the plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Charity's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains/(losses). These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gain/(loss) on defined benefit pension schemes.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

## Notes to the Consolidated Financial Statements for the year ended 31 March 2023.

- The increase in net pension benefit liability arising from employee service during the period; and,
- The cost of plan introductions, benefit changes, curtailments, and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets. The Charity operates a defined benefits pension scheme, and the pension charge is based on a full actuarial valuation dated 31 March 2022.

The Charity is an admitted body of the Tyne and Wear Pension Fund ("LGPS") and provides pension arrangements to its employees. The scheme is classified as a defined benefit scheme based on final pensionable pay and as such must comply with reporting standard FRS 102. This requires the Charity to disclose certain information concerning assets, liabilities, income, and expenditure related to the scheme for its employees. These disclosures have been prepared by Aon Solutions UK Limited the actuary of the Tyne and Wear Pension Fund. The purpose of the pensions' disclosure is to provide clear information on the impact of the Charity's obligation to fund the retirement benefits of its staff on its financial position and performance. Even where this obligation is discharged through a pension fund, the Charity is responsible for employer's contributions set at a level to ensure the liabilities of the fund can be met.

The liabilities of the pension scheme attributable to the Charity are included in the balance sheet on an actuarial basis using the projected unit method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees.

Assets have been valued in accordance with FRS 102. Refer to note 20 for further detail. The change in the net pension asset or liability is analysed into the following components:

### Current Service Costs

The increase in liabilities as a result of years of service earned this year is allocated to the consolidated statement of financial activities.

### Past Service Costs

The increase in liabilities arising from current year decisions that affect years of service earned in previous years.

### Interest Costs

The expected increase in the present value of liabilities during the year as they move one year closer to being paid.

### Expected Return on Assets

The annual investment return on the fund assets attributable to the Charity based on an average of the expected long-term return.

## **Notes to the Consolidated Financial Statements** for the year ended 31 March 2023.

### Actuarial Gains and Losses

Changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

### **1.11 Funds**

Funds held by the Charity are either:

- Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- Restricted funds – these are funds that can only be used for a particular purpose as specified by the donor or when funds have been raised for a particular purpose.
- Designated funds – these are funds that the Trustees have set aside for a particular purpose.

### **1.12 Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. The Charity and Group only have financial assets and financial liabilities of a kind that qualifies as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments where applicable. 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 trade discounts due.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2023.

### 2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The areas of estimation uncertainty included in the financial statements are:

- At 31 March 2023, Active Northumberland had a net defined pension asset of nil. This comprised a defined benefit obligation of £21.736 million, assets of £27.836 million and a pension surplus restriction (unrecognised asset) under FRS 102 paragraph 28.2 of £6.100 million. Estimation of the net pension asset or liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Charity with expert advice about the assumptions to be applied. The effects on the defined benefit obligation of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension obligation of £0.413 million. However, the assumptions interact in complex ways. During 2022-23, the Charity's actuary advised that the defined benefit obligation for funded LGPS benefits had decreased by £10.417 million due to changes in actuarial assumptions.

Impact on the defined benefit obligation in the scheme	Increase in assumption £	Increase in assumption %	Decrease in assumption £	Decrease in assumption %
Adjustment to discount rate (increase or decrease by 0.1%)	(413,000)	(1.9)	435,000	2.0
Adjustment to salary increase rate (increase or decrease by 0.1%)	43,000	0.2	(43,000)	(0.2)
Adjustment to pension increase rate (increase or decrease by 0.1%)	391,000	1.8	(370,000)	(1.7)
Adjustment to mortality age rating assumptions (increase or decrease in 1 year)	565,000	2.6	(565,000)	(2.6)

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

**3. Financial Performance of the Charitable Company**

The consolidated statement of financial activities includes the results of the Charity's wholly owned subsidiary which operates the catering facilities and merchandising sales at the leisure facilities.

The summary financial performance of the Charity alone is:

	2023 £	2022 £
Income	16,090,927	14,058,494
Gift aid from subsidiary Company	-	-
	16,090,927	14,058,494
Expenditure on charitable activities	(16,652,374)	(14,812,221)
Defined pension liability	3,097,000	4,728,000
<b>Net Income/(expenditure)</b>	<b>2,535,553</b>	<b>3,974,273</b>

**4. Donations and Legacies**

	Unrestricted Funds £	Restricted Funds £	2023 £	2022 £
Business Rate Grants	-	-	-	454,096
Furlough Grant	-	-	-	787,332
National Leisure Recovery Fund (NLFR)	-	-	-	579,018
Schools	-	103,025	103,025	116,350
Sport England	-	-	-	37,035
Hirst Welfare – Outdoor play area	-	-	-	1,728
	-	103,025	103,025	1,975,559

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

**5. Other Trading Activities**

	Other Activities £	Trading Activities £	2023 £	2022 £
Income	825,309	1,621,586	2,446,895	1,909,380
Expenditure	-	(1,621,586)	(1,621,586)	(1,115,357)
	825,309	-	825,309	794,023

Other activities primarily relate to income from hire of facilities and income from the GP Referral Scheme. Prior year expenditure for 2022 includes the audit fee allocated to other Trading activities of £2,100 and Trading activities income also includes £151,242 of furlough grant income.

The charitable Company has a wholly owned subsidiary, Active Northumberland Trading Limited, incorporated in England and Wales (Company number 09243253) and pays all its profits to the charitable Company under the gift aid scheme. Active Northumberland Trading Limited operates the bar, catering and all other commercial trading operations with the leisure facilities managed by Active Northumberland. A summary of the Trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2023 £	2022 £
Turnover	1,621,586	1,115,357
Cost of sales and administrative expenses	(1,621,586)	(1,115,357)
Profit for the year	-	-
Amounts gift aided to Charity	-	-
	-	-
The assets and liabilities of the subsidiary were:		
Current assets	237,676	217,647
Current liabilities	(237,675)	(217,646)
	1	1

## Notes to the Consolidated Financial Statements for the year ended 31 March 2023.

### 6. Analysis of Expenditure on Charitable Activities

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2023 £	2022 £
Bank charges	175,049	-	-	175,049	130,045
Conference, courses, hospitality, and promotions	96,496	-	1,776	98,272	92,207
Consultancy	109,137	-	-	109,137	64,873
Depreciation	44,598	-	-	44,598	44,598
Equipment	395,941	-	3,190	399,131	245,871
Holiday pay	(363,311)	-	(918)	(364,229)	76,914
Hired services	13,010	-	(300)	12,710	12,234
Insurance and sundry premium costs	26,179	-	-	26,179	27,997
IT & software	83,061	-	9	83,070	38,335
Legal & professional	965,248	-	27,113	992,361	932,297
Marketing	177,379	-	223	177,602	114,882
Postage, printing, stationery, and telephone	57,373	-	4,936	62,309	85,928
Rents	32,603	-	-	32,603	68,000
Repairs and maintenance	1,305,710	-	-	1,305,710	1,166,764
Staff costs	8,310,548	528,000	252,262	9,090,810	8,816,499
Sundry expenses	98,254	-	16,701	114,955	84,598
Utilities	3,595,353	-	-	3,595,353	2,142,206
VAT partial exemption	673,552	-	1,744	675,296	644,569
	<b>15,796,180</b>	<b>528,000</b>	<b>306,736</b>	<b>16,630,916</b>	<b>14,788,817</b>

Note: The figures in brackets represent a reduction in the provision for holiday pay and a refund related to hired services.

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

Included in the previous table are support costs of:

	2023 £	2022 £
Bank charges	129,024	103,525
Conference expenses	68,047	66,577
Insurance and sundry premium costs	1,877	1,618
Postage, printing, stationery, and telephone	4,861	24,200
Staff costs	663,592	606,688
Sundry expenses	667,902	464,883
VAT partial exemption	95,551	56,383
	<b>1,630,854</b>	<b>1,323,874</b>

**Service Level Agreements:**

- Procurement
- Communications
- Health and Safety
- Information Services
- Human Resources and Organisational Development
- Corporate Financial Services
- Energy
- Reactive Repairs and Planned Maintenance
- Statutory Maintenance, Testing and Inspection
- Audit and Strategic Risk

Service level agreement costs paid to Northumberland County Council:

	2023 £	2022 £
Northumberland County Council	748,674	738,043
	<b>748,674</b>	<b>738,043</b>

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

**7. Other Expenditure**

	2023	2022
	£	£
Audit fee	19,250	23,600
Trustee liability insurance	2,208	1,903
	<b>21,458</b>	<b>25,503</b>

The fee in relation to Robson Laidler Accountants Limited audit of the 2022-23 Trustees' Annual Report and Financial Statements is £19,250 and was accrued in year, analysed between different elements; audit fee £18,250, and teachers' pension return £1,000.

**8. Analysis of Staff Costs, Trustee Remuneration and Expenses**

Group	2023	2022
Number of Employees:	No.	No.
Key management personnel (Executive leadership team)	5	5
Generating funds	101	98
Charitable activities	705	594
	<b>811</b>	<b>697</b>

The total employee benefits of the Executive leadership team of the Charity (see page 3) were £390,986 (2021-22: £380,373).

Group	2023	2022
Remuneration comprised:	£	£
Apprenticeship levy	26,523	23,058
Holiday pay	(364,229)	79,775
Pension costs	298,860	297,042
Salaries & wages	8,388,588	7,613,755
Social security costs	539,966	473,650
Termination benefits	16,850	249,893
Travel and other staff costs	34,939	29,138
	<b>8,941,497</b>	<b>8,766,311</b>

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

	2023	2022
The number of employees whose annual emoluments were more than £60,000:		
£60,000 - £69,999	1	2
£80,000 - £89,999	1	-
£120,000 - £129,999	1	1

Termination Benefits	2023	2022
	£	£
Compensation / ex gratia	7,881	102,255
Redundancy	8,969	146,032
Strain on the fund	-	1,606
	<b>16,850</b>	<b>249,893</b>

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either:

- terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or,
- providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The Trustees were not paid and did not receive any other benefits from employment with the charitable Company or its subsidiary during the year (2021-22: nil). No Trustees were reimbursed for travel expenses in 2022-23 (2021-22: nil).

**9. Net Income/Expenditure for the year**

This is stated after charging:

	2023	2022
	£	£
Depreciation	44,598	44,598
Audit fee & Trustee liability insurance	21,458	25,503

**10. Corporation Tax**

The charitable Company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 of the extent that these are applied to its charitable objects.

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

**11. Tangible Fixed Assets**

	Fixture, fittings & equipment £
Cost:	
At 1 April 2022	515,351
Additions	-
At 31 March 2023	
Depreciation:	
At 1 April 2022	363,720
Charge for the year	44,598
At 31 March 2022	408,318
Net book value:	
At 31 March 2023	107,033
At 31 March 2022	151,631

**12. Investments**

The charitable Company has a wholly owned trading subsidiary Company, Active Northumberland Trading Limited, incorporated in England and Wales. The activities and results of the trading Company are summarised in note 5.

**13. Stock**

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Leisure stock	88,201	80,075	49,291	45,502
	88,201	80,075	49,291	45,502

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

**14. Debtors**

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade debtors	363,282	954,799	357,104	953,866
Other debtors (See note 28)	2,636,418	2,371,288	2,636,418	2,371,288
Prepayments and accrued income	1,382,788	595,229	1,363,795	576,108
Provision for bad debt	(18,803)	(19,243)	(18,233)	(19,243)
	<b>4,363,685</b>	<b>3,902,073</b>	<b>4,339,084</b>	<b>3,882,019</b>

**15. Creditors: Amounts due within one year**

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade creditors	17,804	82,970	(24,891)	55,116
Amounts owed to subsidiary	-	-	172,645	161,171
Taxation & social security	285,820	203,759	285,820	203,759
Accrual/deferred income	2,550,765	1,746,426	2,363,217	1,594,482
Holiday pay accrual	69,546	433,776	62,114	395,927
Other loans	51,536	49,903	51,536	49,903
Other creditors	25,199	25,199	25,199	25,199
	<b>3,000,670</b>	<b>2,542,033</b>	<b>2,935,640</b>	<b>2,485,557</b>

Deferred income relates to facilities hire, fitness classes and course bookings paid for in advance of participation.

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

**16. Creditors: Amounts due in more than one year**

	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Other loans	88,181	139,717	88,181	139,717
Analysis of loans:				
Not wholly repayable within five years	-	-	-	-
Wholly repayable within five years	139,717	189,620	139,717	189,620
	139,717	189,620	139,717	189,620
Included in current liabilities	(51,536)	(49,903)	(51,536)	(49,903)
	88,181	139,717	88,181	139,717

Loan maturity analysis:				
Due between one to two years	53,240	51,536	53,240	51,536
Due between three to five years	34,941	88,181	34,941	88,181
Due in more than five years	-	-	-	-
	88,181	139,717	88,181	139,717

**17. Unrestricted Funds**

	1 April 2022 £	Incoming Resources £	Resources Expended £	Transfers £	Gains / Losses £	31 March 2023 £
Unrestricted fund						
General fund	1,327,548	17,427,768	(17,438,224)	(9,625)	-	1,307,467
Designated fund						
Pension reserve	(2,569,000)	-	(528,000)	-	3,097,000	-
	(1,241,452)	17,427,768	(17,966,224)	(9,625)	3,097,000	1,307,467

Description of fund	Description, nature, and purpose of fund
General fund	The 'free reserves' after allowing for all designated funds.
Designated funds	Pension reserve – relates to the FRS102 defined benefit pension asset/(liability), further details can be found in note 21.

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

**18. Restricted Funds**

	1 April 2022 £	Incoming Resources £	Resources Expended £	Transfers £	31 March 2023 £
School Games	50,626	280,997	(293,606)	-	38,017
Young at Heart	410	-	-	-	410
Inactivity Fund	35,252	3,748	(14,130)	-	24,870
Sporting Club Bedlington – Sinking Fund	79,167	-	-	6,875	86,042
Sporting Club Bedlington - Renewals	36,666	-	-	2,750	39,416
	202,121	284,745	(307,736)	9,625	188,755

**Transfers**

The transfer to renewals and sinking fund schemes have been funded from unrestricted reserves.

Description of fund	Description, nature, and purpose of fund
School Games	Project funded by Sport England to organise school games. Promoting competitive sporting activities for younger people (Southeast and North Northumberland).
Young at Heart	Funds to support disabled people to access fitness activities at Prudhoe Waterworld.
Inactivity Fund	A project to engage women who are experiencing or are at risk of developing postnatal depression to participate in 30 minutes of activity each week.
Sporting Club Bedlington – Sinking Fund	A fund for reinvestment into the 3G pitch.
Sporting Club Bedlington - Renewals	A renewals fund for future reinvestment in facility redevelopment.

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2023.

### 19. Analysis of Assets and Liabilities between Funds

	General £	Designated £	Restricted £	2023 £	2022 £
Fixed assets	107,033	-	-	107,033	151,631
Net current assets	1,288,615	-	188,755	1,477,370	1,517,755
Creditors due more than one year	(88,181)	-	-	(88,181)	(139,717)
Pension fund asset/(liability)	-	-	-	-	(2,569,000)
	1,307,467	-	188,755	1,496,222	(1,039,331)

### 20. Pension Arrangements

#### Defined Contribution Scheme

The Charity operates a defined contribution scheme, which is offered to all new employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund. An amount of £87,686 (2021-22: £74,373) was paid into the scheme during the financial year.

In 2022-23 Active Northumberland also paid £34,131 (2021-22: £34,789) to the Teachers' Pensions Agency in respect of teachers' retirement benefits representing 23.68% of teachers' pensionable pay for the period 1 April 2022 to 31 March 2023. The pension rate increased from 16.48% to 23.68% in September 2019.

#### Defined Benefit Scheme

On 1 October 2014 when the management of the leisure facilities within Northumberland moved into Active Northumberland the Local Government Pension Scheme (LGPS) relating to these staff transferred into the charitable Company. The LGPS provides defined benefits, based on the member's final pensionable salary.

Due to changes in pension legislation, and the long-term uncertainty about pension scheme costs, Active Northumberland has closed the local government pension scheme to new members.

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a LGPS admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2023.

In accordance with Section 28 of FRS 102 disclosure of certain information concerning assets, liabilities, income, and expenditure relating to pension schemes is required. The latest valuation was undertaken on 31 March 2022. The duration of liabilities is 19.7 years and revaluation is undertaken every 3 years. The duration of liabilities is the average period, expressed in the number of years, between the calculation date and the date on which the scheme benefit falls due. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for the purposes of FRS 102 were:

Key assumptions	2023	2022
Discount rate	4.7%	2.7%
CPI inflation	2.7%	2.9%
Pension increases	2.7%	2.9%
Pension accounts revaluation rate	2.7%	2.9%
Salary increases	4.2%	4.4%
Mortality rates		
- Males - Pensioner member aged 65 at accounting date	21.6	21.8
- Males - Active member aged 45 at accounting date	22.9	23.5
- Females - Pensioner member aged 65 at accounting date	24.6	25.0
- Females - Active member aged 45 at accounting date	26.1	26.7

Asset allocation	31 March 2023 %	31 March 2022 %
Equities	51.2	57.0
Property	10.5	8.4
Government bonds	1.3	2.0
Corporate bonds	19.5	18.8
Multi Asset Credit	4.5	-
Cash	1.8	1.8
Other	11.2	12.0
Total	100.0	100.0

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

<b>Reconciliation of funded status to balance sheet</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£m</b>	<b>£m</b>
Fair value of assets	27.836	28.417
Present value of funded defined benefit obligation	(21.736)	(30.986)
Pension asset/(liability) before paragraph 28.22 of FRS 102	6.100	(2.569)
(Unrecognised asset) due to limit in paragraph 28.22 of FRS 102	(6.100)	0.000
Pension asset/(liability) recognised on the balance sheet	0.000	(2.569)

<b>Amounts recognised in consolidated statement of financial activities</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£m</b>	<b>£m</b>
Current service costs	(0.637)	(0.817)
Past service costs	0.000	0.001
Employer contributions and net pension	0.176	0.190
Financing costs – interest on net defined benefit liability/(assets)	(0.067)	(0.135)
Pension expense recognised in profit and loss	(0.528)	(0.763)

<b>Amounts recognised in comprehensive income</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£m</b>	<b>£m</b>
Asset gains/(losses) arising during the period	(1.220)	1.240
Liability gains/(losses) arising during the period	0.000	3.488
Actuarial gains/(losses) due to changes in financial assumptions	12.289	0.000
Actuarial gains/(losses) due to changes in demographic assumptions	(0.111)	0.000
Actuarial gains/(losses) due to liability experience	(1.761)	0.000
Adjustment in respect of paragraph 28.22 of FRS 102	(6.100)	0.000
Total amount recognised in other comprehensive income	3.097	4.728

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

<b>Changes to the present value of defined benefit obligation</b>	<b>31 March 2023</b> £m	<b>31 March 2022</b> £m
Opening defined benefit obligation	30.986	33.443
Current service cost	0.637	0.817
Interest expense on defined benefit obligation	0.833	0.697
Contributions by participants	0.092	0.100
Actuarial (gains)/losses on liabilities	0.000	(3.488)
Actuarial (gains)/losses due to changes in financial assumptions	(12.289)	0.000
Actuarial (gains)/losses due to changes in demographic assumptions	0.111	0.000
Actuarial (gains)/losses due to liability experience	1.761	0.000
Net benefits paid out	(0.395)	(0.584)
Past service cost	0.000	0.001
Closing defined benefit obligation	21.736	30.986

<b>Changes to the fair value of assets</b>	<b>31 March 2023</b> £m	<b>31 March 2022</b> £m
Opening fair value of assets	28.417	26.909
Interest income on assets	0.766	0.562
Remeasurement gains/(losses) on assets	(1.220)	1.240
Contributions by the employer	0.176	0.190
Contributions by participants	0.092	0.100
Net benefits paid out	(0.395)	(0.584)
Closing fair value of assets	27.836	28.417

<b>Actual return on assets</b>	<b>31 March 2023</b> £m	<b>31 March 2022</b> £m
Interest income on assets	0.766	0.562
Gain/(loss) on assets	(1.220)	1.240
Actual return on assets	(0.454)	1.802

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

**21. Pension – Movements in Reserves**

	31 March 2023	31 March 2022
	£	£
Current service cost	(637,000)	(817,000)
Past service cost	-	(1,000)
Net decrease in assets from disposal/acquisitions	-	-
Employer contributions & net pension	176,000	190,000
	(461,000)	(628,000)
Interest on liabilities	(67,000)	(135,000)
	(528,000)	(763,000)
Remeasurement gains/(losses) on assets	(1,220,000)	1,240,000
Net decrease in liabilities from disposal/acquisitions	-	-
Actuarial gains/(losses) on liabilities	10,417,000	3,488,000
Adjustment in respect of paragraph 28.22 of FRS 102	(6,100,000)	-
	2,259,000	4,728,000
Opening position	(2,569,000)	(6,534,000)
Closing position	-	(2,569,000)

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

**22. Cash flow from Operating Activities**

	Group		Charity	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£	£	£	£
Net movement in funds for the year before transfers and excluding interest	(561,447)	(753,727)	(561,447)	(753,727)
Adjustments for:				
Depreciation on tangible assets	44,598	44,598	44,598	44,598
Pension charges	528,000	763,000	528,000	763,000
(Increase)/decrease in debtors	(461,172)	(438,892)	(456,055)	(420,347)
Increase/(decrease) in creditors excluding loan	457,004	546,709	448,450	503,848
Increase/(decrease) in provisions	-	-	-	-
(Increase)/decrease in stock	(8,126)	(31,070)	(3,789)	(7,946)
Increase/(decrease) in bad debt	(440)	(31,385)	(1,010)	(30,193)
	(1,583)	99,233	(1,253)	99,233

Reconciliation of net debt - Group	1 April 2022	Cash-flows	31 March 2023
	£	£	£
Cash	70,335	(50,551)	19,784
Cash equivalent	7,305	(935)	6,370
Loans falling due within one year	(49,903)	(1,633)	(51,536)
Loans falling due after more than one year	(139,717)	51,536	(88,181)
	(111,980)	(1,583)	(113,563)

Reconciliation of net debt - Charity	1 April 2022	Cash-flows	31 March 2023
	£	£	£
Cash	70,335	(50,551)	19,784
Cash equivalent	5,455	(605)	4,850
Loans falling due within one year	(49,903)	(1,633)	(51,536)
Loans falling due after more than one year	(139,717)	51,536	(88,181)
	(113,830)	(1,253)	(115,083)

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2023.

**23. Analysis of Net Cash Resources**

	1 April 2022	Cash flow	Other non-cash charges	31 March 2023
	£	£	£	£
Net cash Group	77,640	(51,486)	-	26,154
Net cash Charity	75,790	(51,156)	-	24,634

**24. Cash and Cash Equivalents at the End of the Reporting Period**

	Group		Charity	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£	£	£	£
Increase/(decrease) in cash during the year	(51,486)	50,920	(51,156)	50,920
Opening cash	77,640	26,720	75,790	24,870
Closing cash	26,154	77,640	24,634	75,790

**25. Contingent Asset**

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a LGPS admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

**26. Controlling Party**

The Charity is controlled by the Board of Trustees.

**27. Funds held as Custodian**

During the year funds were held on behalf of Blyth Valley Trust for Youth, an amount of £25,199 (2021-22: £25,199) is shown as a creditor at the year end.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2023.

### 28. Related Party Transactions

All transactions between the Charity and its subsidiary, Active Northumberland Trading Limited are eliminated on consolidation.

The 2022-23 agreed management fee from Northumberland County Council was £2.06 million (2021-22: £2.16 million). In addition, further funding of £1.12 million was agreed (2021-22: £0.37 million) which was raised at the year-end as a debtor.

There were also other goods and services provided to Northumberland County Council of £0.30 million (2021-22: £1.23 million) and other goods and services received from Northumberland County Council of £1.41 million (2021-22: £1.47 million).

Active Northumberland uses Northumberland County Council's Oracle Cloud Applications for all expenditure transactions and reporting through the general ledger. At the end of 2022-23 Active Northumberland was owed £2.64 million by Northumberland County Council (2021-22: £2.37 million).

In 2022-23 there have been goods or service received from NWG Business Limited - £131,326 (2021:22 £95,652).

### 29. Contingent Liabilities

There were no contingent liabilities identified as at 31 March 2023. (31 March 2022: nil).

### 30. Post Balance Sheet Events

On 4 December 2023 it was announced that Active Northumberland had been unsuccessful in the award of the leisure contract with Northumberland County Council and the current contract arrangement would cease on 31 March 2024.

Due to the loss of the contract the company is no longer operating as a going concern.

Active Northumberland staff eligible for TUPE will transfer to the new operator from 1 April 2024 and pension membership will also transfer.

The pension asset in relation to the LGPS has been written down to nil.

Active Northumberland and Northumberland County Council have agreed a Memorandum of Understanding (MoU) to ensure a smooth closedown and transition to the new leisure provider. As part of that MoU the Council has committed to work with the Active Northumberland to produce and keep under review detailed cashflow forecasts and estimates of potential liabilities and to provide such financial support as is necessary to ensure that Active Northumberland remains solvent up to and including the closing down or winding up of the business.

**ACTIVE NORTHUMBERLAND**

England & Wales - Charity number 1153198

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# Accounts

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Company Registration Number: 08484436 (England and Wales)

Charity Registration Number: 1153198



(a Company limited by guarantee and not having a share capital)

**Trustees' Annual Report and Financial Statements**

**For the Year Ended 31 March 2022**

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## Legal and Administrative Information for the year ended 31 March 2022

<b>Trustees</b>	David Hall (Chair)	
	Jane Riley (Vice Chair)	
	Steve Crosland (Vice Chair)	
	Judith Stonebridge (Vice Chair)	Resigned 21 April 2021
	Modaser Choudhary	
	Malcolm Copland	
	Lindsay Muers	Resigned 9 June 2021
	James Murray	Resigned 22 April 2021
	Frances Naylor	Resigned 7 April 2021
	Claire Riley	Resigned 4 April 2022
	Jamie Chapman	Appointed 15 October 2021
	Brian Welsh	Appointed 15 October 2021
	Emma Williams	Appointed 19 October 2021
	Helen Wilcox	Appointed 15 October 2021
	James Carss	Appointed 15 October 2021
<b>Secretary</b>	Karla Sweeney	Appointed 1 April 2021
<b>Chief Executive</b>	Mark Warnes	
<b>Company number</b>	08484436	
<b>Charity number</b>	1153198	
<b>Registered Office</b>	Concordia Leisure Centre Forum Way Cramlington Northumberland NE23 6YB	
<b>Bankers</b>	The Co-operative Bank Norfolk House 84 - 86 Grey Street Newcastle Upon Tyne NE1 6BZ	
<b>Legal Advisers</b>	Wrigley Solicitors 19 Cookridge Street Leeds LS2 3AG	

**Legal and Administrative Information**  
for the year ended 31 March 2022

<b>Auditors</b>	Mazars LLP Bank Chambers 26 Mosley Street Newcastle Upon Tyne NE1 1DF
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# Trustees' Annual Report for the year ended 31 March 2022

## TRUSTEES' REPORT

The Trustees, who are Directors for the purpose of Company law, present their annual report (including the Strategic Report) on the affairs of the Charity and the Group, together with the financial statements and the auditor's report for the year ended 31 March 2022.

### Introduction

Active Northumberland is a registered Charity (Company limited by guarantee) formed in 2014 from a merger of several different leisure service providers. Active Northumberland employs circa 697 people, of which 377 are contracted and 320 are casual employees, and a Board of Non-Executive Directors (Trustees) with a relevant range of expertise and senior level management experience.

### Mission and Proposition

Active Northumberland delivers leisure services on behalf of Northumberland County Council with the aim of improving and supporting the lives of residents and visitors to the County by primarily increasing population physical activity levels, thereby improving health and wellbeing in line with Northumberland County Council's strategic objectives.

Active Northumberland's proposition is "To provide great experiences in great places for everyone".

### Vision and Focus

Active Northumberland's vision is "To be the best community leisure and wellness provider in the UK".

Active Northumberland's focus is to continue to deliver a Transformation Strategy that will allow us to become a nationally leading leisure trust through optimising participation in our leisure services and by delivering a wider, positive impact across health, social care, and education with outstanding levels of quality and efficiency.

## Structure and Governance

### Board of Trustees

Chair	David Hall	Trustee	Brian Welsh
Vice Chair	Jane Riley	Trustee	James Carss
Vice Chair	Steve Crosland	Trustee	Helen Wilcox
Trustee	Modaser Choudhary	Trustee	Emma Williams
Trustee	Malcolm Copland	Trustee	Jamie Chapman

## Trustees' Annual Report for the year ended 31 March 2022

### Executive Leadership Team

Chief Executive	Mark Warnes
Director of Operations	Paul Metcalfe
Head of Commercial and Resources	Jo Farrier
Head of PE, School Sports, and Sports Development	Franki Clark
Operations Manager	Leanne Beattie

Active Northumberland is a Company limited by guarantee, established under a Leisure Partnership Agreement with Northumberland County Council which lays out the objects and powers of the Company and is governed under its Articles of Association.

Active Northumberland is governed by its Board of Trustees. The Articles of Association were reviewed and amended on 17 April 2019 by removing the provision for organisational members in order to strengthen Trustee governance.

There is provision for an unlimited number of Trustees, with 10 serving during 2021-22. Trustees are required to bring a mix of skills and experiences which include customer engagement and advocacy, health improvement, corporate law and governance, finance, and commercial sport and leisure services and/or marketing to help oversee the overall management of the Company and to maintain a sustainable business.

The Board has worked to assure themselves that the Company is delivering effectively against its key aims and charitable objectives. The Board has implemented arrangements in line with the Partnership Agreement with Northumberland County Council so that Active Northumberland manages the operation of leisure facilities and services on behalf of the Council. The Partnership Agreement coupled with a performance management framework ensures progress is appropriately recorded and acknowledged, and that under Active Northumberland's management Northumberland County Council's leisure assets and resources are optimised and successfully contribute to the Council's strategic priorities.

The Company is managed by the Board and Executive leadership team through financial and non-financial key performance indicators, thorough budget monitoring and key national benchmarking performance and service quality indicators. This is all monitored and reviewed using the Company's Corporate Scorecard.

Monthly budget meetings and review meetings are held by Executive Management with the Senior Management, the Finance Team, and budget holders to review performance and progress, and in turn the Executive management report bi-monthly to the Board's Finance and Audit Committee and full Board meetings.

Active Northumberland has developed a Strategic Risk Register and stringent health and safety arrangements which are routinely monitored and reported at board meetings.

Induction of new Trustees is undertaken jointly by the Company Secretary and the Chief Executive which ensures new Trustees know and understand their responsibilities as a Trustee of the charitable Company; and they have an insight into the activities of Active

## **Trustees' Annual Report for the year ended 31 March 2022**

Northumberland. They are also introduced to the relationship between Active Northumberland Limited and Active Northumberland Trading Limited.

The Board of Trustees has signed up to and acts within the principles of the Active Northumberland Governance Code of Conduct. A standing agenda item, enabling Trustees to declare any relevant interests, is included at each Board meeting. The Board has agreed a Conflicts of Interest Policy taking account of the Charity Commission and Regulator Guidance.

During 2021-22 the Board convened every two months. Meetings were attended by members of the Executive Leadership Team along with the Finance Manager. This ensured representation of key personnel with responsibility for the leadership of strategic business development areas and service delivery functions. Most of the meetings during this financial year have been conducted virtually due to the COVID-19 pandemic. Face-to-face meetings have resumed as of December 2021; however, we will continue to conduct a mixture of virtual and face-to-face meetings in the future depending on varying pandemic levels.

A minimum attendance of 50% for all Board meetings has been agreed and attendance at Board meetings remains high at 90% overall. This is monitored by the Company Secretary and reported to the Board on an annual basis enabling any issues to be addressed. All Board meetings have taken place as planned; thus, enabling effective decision making throughout the year.

A Code of Practice for Trustees is in place and signed-up to by all Trustees on appointment. An annual declaration of interest is also completed and reported to the Board. A skills audit was undertaken in June 2019 and is now being used in the recruitment of all Trustees.

### **Companies Act 2006 - 172 Duty to promote the success of the Company**

(1) A Trustee of a Company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term,

Board members have been selected from a broad range of businesses and industry sectors with a wealth of experiences at the highest level to ensure that their professional experiences and knowledge base can be drawn upon for the benefit of the Company. All Board members have the best interests firmly at the heart of the decisions that are taken and through the collective decision and reasoning would always act in the best interests of the Company. Any declarations of interest from Board Members are always declared and minuted at the beginning of every Board Meeting.

(b) the interests of the Company's employees,

The Board is firmly behind the development and welfare of all employees and ensures that training and welfare is at the centre of the Company's Transformation Strategy and Corporate Scorecard monitoring.

## Trustees' Annual Report for the year ended 31 March 2022

(c) the need to foster the Company's business relationships with suppliers, customers, and others,

Please see section - **Suppliers**

(d) the impact of the Company's operations on the community and the environment,

The Board are keen to promote the perception and footprint of the business within the community and environment. As part of the Business Transformation Strategy, the rebranding of the Company, along with the adoption of a new set of values and vision for the Company demonstrates this very well. Environmentally the Company has pursued a green initiative to switch to greener fuel sources through the installation of solar panels at Berwick, Wentworth, Blyth, Prudhoe, Willowburn, Ashington, and Concordia Leisure Centres, installing ground source heating at our Willowburn Leisure Centre as well as reducing packaging and waste through the Company's food and beverage facilities and outlets.

(e) the desirability of the Company maintaining a reputation for high standards of business conduct.

High standards and reputation are monitored and upheld through the performance management of the Company through the Corporate Scorecard that uses metrics and national benchmarked standards. As part of our Transformation Strategy, we are preparing our centres to be accredited by Sport England's continuous improvement tool, 'Quest', to demonstrate the extremely high standards being delivered and achieved at our locations. Ashington Leisure Centre achieved a 'Good' status during 2021.

(f) the need to act fairly between members of the Company.

The Company rigorously follows our policies regarding the treatment of our colleagues, and we ensure that all engagement is done in a non-biased and fair manner ensuring not to discriminate against anyone no matter their ethnic background, religion, gender, social background, or ability. We engage closely and regularly with our Unions GMB and Unison to help us shape and develop our Company policies.

### **Management**

Active Northumberland's administration base resides within the Concordia Leisure Centre which is the registered office. During 2021 we relocated our central office from our previous home at Blyth Sports Centre as a result of renting office space to another Council Service at Blyth.

Active Northumberland is managed by a Chief Executive who reports to the Board of Trustees. Mark Warnes was appointed as Chief Executive and commenced duties on 18 February 2020.

The Board and Chief Executive, together with the Executive Leadership Team are responsible for the strategic direction of the Company.

The Executive Management are responsible for the day-to-day operation and development of the business and follow the annual financial business plan and Transformation Strategy

## Trustees' Annual Report for the year ended 31 March 2022

as set out in agreement with the Board.

The Board is responsible for setting the pay and remuneration of key leadership personnel.

Significant management progress has been made in that:

- The Partnership Agreement between Active and Northumberland County Council ends on 31 March 2022 and will be due for renewal. Negotiations around the contract renewal are ongoing with the Council and form part of an overall Leisure Review of all Council Leisure Services. The Leisure Review has taken longer than initially expected and therefore a 1-year extension has been granted by the council while the review is completed.
- The three-year Company strategy (Transformation Strategy) that was launched in May 2019 continued to be rolled out and the new Active Northumberland brand has been successfully implanted across much of the estate, along with the new food and beverage brand, Hive, which has also been used to rename our two Ten Pin Bowling businesses at Concordia and Wentworth which are now Hive Bowling. The brand new and refurbished locations at Blyth and Berwick have already proven to be incredibly popular, and the Hive Sports Bar and Café's at Ponteland Leisure Centre have proven to be successful. A new three-year transformation plan has been developed and will be launched in May 2022 and will see further improvements in our branding, marketing, and digital assets software and technology.
- A comprehensive action plan was produced and completed addressing the challenges and issues raised in the Active Northumberland employee survey undertaken in November 2021. The results of the 2021 survey demonstrated frustrations with regards to communication within the business, which has largely been caused by the complications of the COVID-19 pandemic. A decision was taken in January 2021 to use a nationally recognised company; Great Places to Work, in order that we can obtain national benchmarking. The results showed that there were a number of items that could be delivered quickly to make significant improvements during 2022-23 and we plan to mail the second survey later this year. A brand-new colleague app has already been launched that offers lots of new functionality for team members including access to company policies, direct access to our new company training platform, internal job vacancies, colleague benefits, reports, and latest news.
- Our Internal Auditor, TIAA, conducted their second phase of their three-year audit plan. Business Planning, Business Transformation, Creditor Payments, Cyber Security, Income Collection and Safeguarding audits were all undertaken in the first year, and the results were all extremely positive with only very few minor recommendations being put forward for action. The second phase included, Payroll, Debtors, Health & Safety Plant & Equipment and Performance Management. All audits came back with reasonable assurance with only minor recommendations being made.

## Trustees' Annual Report for the year ended 31 March 2022

Service level agreements for the supply of the following services are in place with Northumberland County Council:

- Procurement
- Communications
- Health and Safety
- Information Services
- Human Resources and Organisational Development
- Corporate Financial Services
- Energy
- Reactive Repairs and Planned Maintenance
- Statutory Maintenance, Testing, and Inspection

### Staffing

Active Northumberland employs circa 697 people, located across Northumberland. Due to the nature of the business a number of employees are employed on a seasonal/casual basis. The number of positions has significantly reduced for a second year running as a result of many casual staff members leaving due to the effect of COVID-19 and staff members being on furlough and subsequently the efficient way that we now match staffing resource with activity demand due to pre booking via the website and business app.

As a result of the staff survey feedback, and as a direct result of COVID-19, our employee communications have significantly improved (updated internal newsletter, launch of our new colleague app and directional information to health and mental welfare assistance). This has enable us to keep staff informed and updated about the Transformational Strategy, highlighting the challenges facing the Company in the immediate and long term.

The overall business review programme has continued to deliver a positive impact on employees and Company performance. The review programme is ongoing with regards to policy and practice rationalisation, including the review and replacement of Human Resource Policies in partnership with Trade Unions, and further development and streamlining of central support services.

Continual improvement and change are being supported by a programme of leadership development and high-quality professional development opportunities for employees aligned to the objectives of the new Transformation Strategy.

A staff structural review was carried out during August 2021 that saw the implementation of a new efficient structure of our fitness and swimming teams. This process saw a number of employees leave the business on a voluntary basis, and some taking up the new Fitness Manager and Swim Co-ordinator roles. Further efficiencies have been made within the centre administration teams and processes, resulting in four new Administration Manager roles being created.

## **Trustees' Annual Report for the year ended 31 March 2022**

To further support the management of the business, the Head of Operations Manager was elevated to Director of Operations, and the Strategic Estates Manager moved to the role of Operations Manager. As part of the process, the General Manager positions were reduced from four to five to align with the four region approach we have created for the business.

The new structure has resulted in four regions being created, each managed by a General Manager and supported by a Fitness Manager, Swim Coordinator, and an Administration Manager.

The first quarter of the year saw many of our leisure centres closed, or only partially open due to the COVID-19 restrictions. All centres and services were all only fully re-opened in September 2021.

The forced closures had a serious impact on the business's ability to generate revenue during the first three months of the financial year, and therefore Senior Management and the Board decided to keep the majority of the Active Northumberland workforce on furlough during the closure periods. All employees who were on furlough were paid in line with the Government's Coronavirus Job Retention scheme.

During the furlough period staff members were kept up to date with the latest information around their work, their personal wellbeing and voluntary work options by email, telephone, a dedicated staff website page, by letter as well as General Managers holding virtual coffee mornings.

### **Suppliers**

The Company works with many suppliers across many different areas of operation including goods and services. Supply chains are reviewed periodically in line with the terms of our engagement with our suppliers and any service level agreements that we have in place. In the event that there is a requirement to review or change any of our suppliers then we go through a thorough tendering process. Where it involves a significant purchase of goods or services, we use the procured services of Northumberland County Council's Procurement Team to conduct the tendering process.

The Board holds a strong desire to give local businesses every opportunity to tender for the procurement of all our required goods and services, and these are always evaluated in line with the transparent and robust procurement tendering process. The Board appreciates the importance of fostering supplier relationships to ensure that there is quality and consistency of goods and services to the business, and any changes to significant suppliers would be in agreement with our Trustees.

During the initial forced closure in 2020, we took the opportunity to rationalise our food and beverage supply chain. The result of this review and tender was that we reduced our supply chain down to two main suppliers, one which focused on our food purchases and another that solely focused on our wet spend. This rationalisation has helped to significantly reduce the administration that was previously required to manage invoicing and ordering.

## Trustees' Annual Report for the year ended 31 March 2022

During December 2021 we took the decision to switch the management of our customer payments back to managing these in house due to significant problems with the incumbent supplier. This has resulted in better customer service, direct control over payments and a singular point of contact for our customers.

### **Impact of COVID-19**

The first quarter of the year saw many of our centres closed, or only partially open due to the COVID-19 restrictions. All centres and services were all only fully re-opened in September 2021 in line with government guidance.

The forced closures had a serious impact on the business's ability to generate revenue during the first three months of the financial year, and therefore Senior Management and the Board decided to keep the majority of the Active Northumberland workforce on furlough during the closure periods. All employees who were on furlough were paid in line with the Government's Coronavirus Job Retention scheme.

During the furlough period staff members were kept up to date with the latest information around their work, their personal wellbeing and voluntary work options by email, telephone, a dedicated staff website page, by letter as well as General Managers holding virtual coffee mornings.

During the restricted opening period we retained the services of a selected number of employees to fulfill important roles that would enable the business to function and for it to be able to continue maintaining critical services for the following crucial areas:

- Property maintenance
- Plant and swimming pool maintenance
- Staff and customer communications/PR
- Office administration support
- Animal welfare at The Pegasus Riding School
- School PE provision
- GP referral service

We have continued to reduce the number of employees remaining on our payroll and we managed to successfully reduce our financial exposure which meant that our existing cash reserves would not be depleted so quickly and would place the business in a stronger short and mid-term cash position.

Our continued communication with colleagues provided up to date information as we knew it to ensure that they were as informed as much as possible and to ensure that we signposted them to support services and management if required.

During closures, those colleagues that continued to work were mainly home working, or working outdoors, and meetings were held regularly via virtual platforms.

## Trustees' Annual Report for the year ended 31 March 2022

We continued to focus on areas where we could reduce operating costs. These included:

- Reduced staff numbers to cover essential activity.
- Furlough of all other colleagues.
- Switching off all non-essential services to reduce utility costs.
- Claiming business rate relief.
- Pool temperature reductions and new efficient covers.
- Looked to bring forward planned remedial work at centres to avoid later closures when we could have been opened.

Fortunately, the grant funded elements of our provision have continued to be paid and no requests have been made by funders given the unforeseen circumstances.

Discussions continued between Active Northumberland and the Council during the pandemic and an open book process has been in operation to ensure that they are fully aware of the continuing levels of revenue support that were and will be required to ensure liquidity of the business as we continued through this pandemic. The pandemic has caused a serious level of disruption during the financial year of reporting, and we expect revenue challenges to continue throughout 2022-23, including potential future disruption due to COVID-19 that could affect our ability to generate revenue.

Revenue streams have been dramatically affected by the pandemic and these are continually reviewed in line with the Council's Finance Team as part of our open book process and in line with our service level agreement.

We do not currently envisage any major disruption to our supply chains going forward other than the national shortage of chlorine supplies which is having a severe impact on swimming pools up and down the country (other than utility cost viability). We are in continual communication with our current suppliers surrounding ongoing collaboration and continued levels of service. The chlorine shortages have been mitigated by making changes to our pool plant equipment to utilise liquid chlorine which is currently in reasonable supply.

### **Financial Matters and Funding Streams**

In addition to income generated specifically from service provision and delivery, Active Northumberland receives funding from:

- Northumberland County Council management fee.
- Donations – Prior to 2019-20 Advance Northumberland gave a charitable donation of up to £1.00 million to Active Northumberland, however this arrangement has now ended. Due to the cessation of the arrangement, it was agreed at the meeting of the County Council on 19 February 2020 that the Council would increase the management fee in 2019-20 and the subsequent two years by up to £1.00 million.
- Sport England (grant funding for specific projects).
- Town and Parish Councils (grant funding for specific projects).

## Trustees' Annual Report for the year ended 31 March 2022

- During the pandemic we successfully applied for all applicable Business Rate Grants in line with the government support for businesses package.
- Active Northumberland also successfully secured £0.8 million from the National Leisure Recovery Fund. The funds have been allocated between 2020-21 and 2021-22 in line with the funding guidance.
- The Council has provided a letter of support to Active Northumberland to ensure continued liquidity and to safeguard Active Northumberland's cash reserve. This letter of support runs through 2021-22 and 2022-23.

### Public Benefit

The charitable Company is a public benefit entity. When considering its proposed plans of activity, the Trustees have considered the Charity Commission's guidance on public benefit, and fee charging.

Improvements introduced to benefit customers and to improve their experience are summarised as follows:

- New look rebranded website has been successfully launched with further developments planned during early 2022-23 financial year.
- Switched to in-house payment collections in order to provide a seamless payment service.
- Faster online joining experience for members, reducing joining time and simplifying the membership choice.
- Introduction of a new customer revenue management solution to reduce debt.
- Introduction of paperless customer information via the Active Northumberland App and online.
- New and extended corporate membership offers for Northumberland County Council and public service employees.
- Collaboration with Northumbria Health Care Trust in further promotion and expansion of the Exercise on Referral scheme.

### Operational Activity

#### Our People

Active Northumberland operates from nine main leisure centres (some of which combine library services), plus three school sports facilities and several community facilities, including Hirst Welfare and Pegasus Riding Centre. Considerable progress has been made with regards to the development of products and services, summarised as follows:

- An independent evaluation of the Exercise on Referral Service has been completed to inform developments that will improve performance and deliver sustainability. A new pricing model and weight management element has been implemented as a result of the review and the service has been expanded across further locations in the County.

## Trustees' Annual Report for the year ended 31 March 2022

- The management of the Sports Development Service had transferred from Northumberland County Council to Active Northumberland but due to COVID-19 has remained with Northumberland County Council for the time being.
- The new improved aquatics and sports/gym accessory retail offer has been introduced across the main nine leisure centres and now that we have moved to more normal levels of footfall, we have seen sales flourish, although due to supply issues our performance has been somewhat restricted. An exclusive membership discount of 20% has been introduced.
- A strategic review has been undertaken for our catering provision and our vending supplier has been sourced with the brief of offering nutritious and healthy options in dedicated vending machines and is blended with more traditional offerings that you would expect in a leisure environment.
- Our PE and school sport programme has continued to operate throughout the pandemic and has been instrumental in supporting many of our partner schools throughout. In school delivery has been taking place since May 2021.
- Our bespoke physical activity scheme to engage mums ("Mams on the Move") has continued when it has been possible around the restrictions and has continued to increase participation and to help reduce the risk of postnatal depression. This has been highly successful, and we see this being a continued and successful wider activity going forwards despite the funding stream coming to an end at the end of March 2022.
- A Companywide rollout of the Hive brand has been implemented across most of the café sites and a rebrand of the two ten pin bowling centres at Hexham and Cramlington have been rebranded as Hive Bowling as a replacement to the old Strike Bowl brand. In addition, we have upgraded our Bowling software to provide the latest screen technology and provides customers with a much slicker online booking process.
- We are about to launch a new automated holiday booking portal (Oracle) for staff members to log their annual leave. This will make reviewing and authorising annual leave much easier and will provide management with full reporting and provide clear visibility of annual leave consumption.
- We continue to develop and grow our new Training Portal (Future Fit) which is now in place for all colleagues to register and undertake training and record CPD (Continued Professional Development). This now provides an easy central point for colleagues to record their records and provides management with invaluable data reporting. The portal is able to keep all additional training records as well as hold all Human Resources Policies, along with reporting on their completion.

## Trustees' Annual Report for the year ended 31 March 2022

- Our values and vision ensure that we offer equal opportunity to colleagues and customers no matter their social background, ethnicity, religious beliefs, or ability.
- At Active Northumberland we put the needs of all our customers first and are committed to providing a responsive, accessible, and professional service that seeks to improve at every opportunity (customer service statement). Our service proposition is to "provide great experiences in great places for everyone".
- One of our published values is that we are an inclusive trust "Our commitment to inclusion means we understand and respect differences, we collaborate as a team and we break down barriers to enable people who are socially excluded, disadvantaged, isolated and vulnerable to participate and achieve their goals".
- Active Northumberland is an equal opportunities employer, regardless of protected characteristics. Recruitment is managed by Northumberland County Council and the Council has been awarded "disability confident" accreditation. Should applicants request consideration under the guaranteed interview scheme, applicants with a disability are guaranteed an interview, provided that they meet the essential criteria outlined in the person specification.

### Our Facilities

The majority of our facilities are owned by Northumberland County Council and are leased to Active Northumberland to deliver services. Progress relating specifically to facilities can be summarised as follows:

- Groundworks commenced in January 2020 for the new leisure facility in Berwick but was put on hold for three months due to the COVID-19 pandemic. The construction is still behind schedule due to the ongoing COVID-19 impact, but the main part of the project was handed over to us at the end of January 2022, which has provided a new main swimming pool, studio pool, splash zone, fitness studios, gym, spa, spin studio, indoor bowling green, and café. A brand new 3G sports pitch has been handed over to us during April 2021 and is already a huge success. The last phase of an enlarged car park and main sports hall is due for completion during 2022 and early 2023.
- An additional one-year lease was granted by the landowner for Pegasus Riding Centre, securing the home of the Riding for the Disabled Association (RDA) until May 2022, although we have just secured the future of the centre by transferring the service to Kirkley Hall – (Northumberland College) as of 12 May 2022. All permanent staff members will be transferring under TUPE as part of the service transfer.
- The £2m refurbishment of Newbiggin Sports and Community Centre commenced in November 2021. The refurbishment will include a new roof and remarking of the floor to the main sports hall, refurbished and enlarged gym area, new spin studio, new dry change facilities, relocation of the library and general redecoration. Northumberland

## Trustees' Annual Report for the year ended 31 March 2022

Communities Together are to operate part of the building which will include the bar and community hall and a new agreement is being negotiated to ascertain responsibilities and costs for both parties when the centre is reopened.

- Accident reporting and monitoring was moved across to a national database, Stitch, which has allowed for national benchmarking of accidents and causes. The number of accidents has seen a significant reduction since re-opening the centres after the pandemic.
- A restructure of the Senior Leadership team in August 2021 has reduced the Area Managers from seven to four, and we have created specific roles as a resource to allow a manager to focus on Quality Management across the Estate, and to specifically focus on Wellness and Membership retention. A programme of audits and improvement plans have already been identified to ensure a consistent and safe approach is established across the portfolio.
- As part of a wider management restructure, we have reduced the number of Swim Coordinators from seven to four, and Fitness Managers from seven to four, in order to create focused full time roles that can take ownership and drive customer delivery. Our Administration Managers have also been reduced from nine to four through process efficiency and now form part of an overall regional management structure along with the Swim Coordinators, Fitness Managers and General Managers.
- Environmental measures included reduction of plastic waste through removing disposable blue shoe covers to access pool changing rooms and the introduction of re-usable takeaway cups in the cafes as well as plastic re-usable cups with straws for sales of our slushies.
- We continue to improve access and services at our facilities for disabled customers and staff, with the installation of new pool equipment as well as planned construction of new 'Changing Places' at Newbiggin, Berwick, Ponteland, Blyth and Morpeth. As part of our new build and refurbishment programme we are working directly with an Access and Inclusion Consultant to take all possible design applications into consideration.
- Construction of the new £21 million leisure centre in Morpeth commenced in January 2021 and is due for completion in early 2023.
- Extensive work to the studio pool has been flagged at Rothbury Leisure Centre. Rothbury's swimming pool will continue to be closed for several months due to the nature and scale of the work required (£0.3million), and Wentworth's studio pool repair was completed in August 2021.

## Trustees' Annual Report for the year ended 31 March 2022

- The brand new Ponteland Leisure Centre was opened at the end of November 2020, but due to COVID-19 was closed almost as soon as it opened. The centre opened on 12 April 2021 and provides an array of brand-new activities and facilities including climbing walls, soft play area, spa, spinning studio, gym, café, and sports bar.
- The service at Sporting Club Cramlington was transferred back to the School Trust on the 1 January 2022, where they have continued to provide community access to the sporting facilities and all management of the site now resides with them.
- Our Sporting Club at Prudhoe was also transferred back to the School Trust as of 31 March 2022. The school are continuing to grant access to the community for the facilities.

### Our Partners

Active Northumberland primarily serves the residents of Northumberland and in doing so recognises the need to work collaboratively with like-minded partners to take advantage of the vast opportunities available to deliver shared and overlapping objectives. Active Northumberland endeavors to maximise partnership working has led to the following progress:

- The inclusive County School Games has been successfully supported both virtually and where we could face-to-face due to the COVID-19 pandemic. This was delivered by way of physical activity as opposed to a traditional competition format engaging young people through participation, and leadership opportunities. We have continued to concentrate working with targeted socio-economic groups ensuring a fully inclusive offer.
- Continued proactivity towards supporting national industry developments which have furthered learning and raised the profile of Active Northumberland with Community Leisure UK, UKactive, Chartered Institute of Management of Sport and Physical Activity, and Swim England.
- An audit of the aquatic development programme was undertaken, in conjunction with the Institute of Swimming and Swim England, to provide the information to make changes to the swimming development programme. This was part implemented during 2020 but was paused due to the COVID-19 pandemic but has since been resumed and further changes implemented during the year once we were able to fully open our swimming pools.

## Trustees' Annual Report for the year ended 31 March 2022

### Risk Management

A revised and improved risk register is in place and is managed by the Director of Operations and Services with oversight from the Chief Executive and the Board. The Board receives regular reports for consideration and take action as required.

Key strategic risks going forward are summarised as follows:

- Failure to be able to facilitate numbers of customers due to possible social distancing restrictions as a result of the ongoing COVID-19 pandemic.
- Failure to generate sufficient revenue as a result of potential future forced closures, and ability to remain liquid.
- Failure to maintain viability with a reducing management fee and operate within an increasingly competitive and challenging commercial trading environment.
- Failure to develop and retain the capability within the workforce to deliver the strategic objectives identified within the Transformation Strategy.
- Failure to operate Swimming Pools across the County due to national shortage of chlorine.

### Financial Risk Management Objectives and Policies

The financial instruments used by the Group are cash and banking facilities and these provide finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Trustees review and agree policies for managing these risks, which are as follows:

#### Credit Risk

The Group's principal financial assets are cash and debtors. All cash deposits at the balance sheet date were held in the UK. Reputable financial institutions are used in the placement of cash deposits, to reduce the overall credit risk to the Group. In addition, the Group reviews the debtor position regularly. Steps to limit the number of customers and partners that have credit facilities have been introduced to limit further any ongoing exposure. The Group considers the risk of significant bad debts to be low; however, this will need to be reviewed regularly as a result of the COVID-19 pandemic and subsequent economic uncertainty.

#### Liquidity Risk

The Company's current cash reserves ensure liquidity for four-five weeks, although we have been provided with a letter of support from Northumberland County Council to ensure that we can continue to be a liquid Company and to sustain our cash reserve (unrestricted funds) at £1.328 million.

Discussions continue to take place between Active Northumberland and the Council, and an open book process has been in operation in order that they are fully aware of the continuing levels of revenue support that will be required to ensure liquidity of the business.

## Trustees' Annual Report for the year ended 31 March 2022

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.


Certain information required to be disclosed in the Trustees' Report, including principal risk and uncertainties by regulations made under section 416(4) CA 2006 to be disclosed in the Trustees' report, are covered in the Strategic Report as the Trustees consider that these are of strategic importance.

Approved by the Board and signed on its behalf by:

David Hall

Chair

Date:



25.1.23

# Trustees' Annual Report for the year ended 31 March 2022

## STRATEGIC REPORT

### Financial Review

#### Financial Performance

The overall result for the Charity, and its trading Company, for the financial year was a loss of £753,727 (2020-21: £570,092 loss) before actuarial losses/gains on the defined benefit pension scheme.

The loss of £753,727 relates to a net expenditure of £763,000 relating to pension charges; and a net income of £9,273 against restricted funds which is due to the transfer of reserves relating to school games services and the inactivity project.

#### Reserves Policy

The reserves policy is to meet the needs of the organisation and agree a suitable level of reserves to meet any reasonable contingency that may arise. Currently the Board is agreed that a reserve of 10% turnover or three months staffing costs (£1.30 - £2.00 million) is appropriate as long as the Partnership Agreement with Northumberland County Council remains in place.

As at 31 March 2022 reserves consist of unrestricted general funds of £1,327,548 (2020-21: £1,327,548), designated funds of £2,569,000 deficit (2020-21: £6,534,000 deficit) and restricted reserves of £202,121 (2020-21: £192,848).

#### Investment Policy

Under the Memorandum and Articles of Association, the Charity has the power to make any investment that the Trustees see fit. The Charity is now utilising the financial information system and therefore the bank account of Northumberland County Council for all payments and receipts.

#### Principal Funding Sources

- Northumberland County Council management fee
- Sport England (grant funding for specific projects)
- Town and Parish Councils (grant funding for specific projects)

#### Going Concern

The Active Northumberland Board agreed a negative budget for the financial year 2021-22 due to the uncertainty caused around the closures and restrictions due to the COVID-19 pandemic and our obvious reductions in revenue. We also see continued cost pressures on our utility costs and elevated staffing costs due to the rise in the cost of the National Living Wage.

Discussions continue to take place between Active Northumberland and the Council, and an open book process has been in operation since the very beginning of the pandemic in order that they are fully aware of the continuing levels of revenue support that will be required to ensure liquidity of the business. In February 2021, the Council

## Trustees' Annual Report for the year ended 31 March 2022

confirmed it would provide significant additional financial support during the 2021-22 financial year to enable Active Northumberland to deliver financial balance and to maintain its current level of reserves.

Reports on Financial Performance for 2021-22 have been produced on a monthly basis from May 2021. The reports are agreed with the Executive Team and are reported to the Finance and Audit Committee and the Active Northumberland Board. Work has been ongoing throughout the year to model budgets based on estimated lockdown restrictions and occupancy levels. Following the Government's "road-map" announcement on 22 February 2021 more detailed budget planning has commenced based on the stepped phases of this plan. The Charity's unrestricted reserves are £1.328 million.

The Council continued to commission leisure services from Active Northumberland during 2022-23 and the Council confirmed in March 2022 that it would provide additional support to Active Northumberland during the year to address the ongoing impact of Covid-19 and in recognition of significant inflationary pressures.

The Council will continue to commission leisure services from Active Northumberland during 2023-24 and will continue to pay a Management Fee under the terms of the Operating Agreement between the parties.

The Council confirmed in October 2022 its intention to issue a letter of comfort for 2023-24 which would include assurances that the Council will continue to provide additional financial support as necessary in order to assist in addressing the continuing impact of Covid-19 and inflationary pressures, and ensure that Active Northumberland is able to continue to meet its liabilities as they fall due and maintain a sustainable financial position including adequate financial reserves.

The Council and Active Northumberland will continue to work together to review costs and service delivery to ensure the ongoing financial sustainability of Active Northumberland.

The Active Northumberland Board consider that it remains appropriate to prepare the accounts on the 'Going Concern' basis.

### Funds in Deficit

All employers with final salary pension schemes must include the financial position of the pension fund in their own accounts, in accordance with FRS 102. At 31 March 2022, the Charity's share of the Tyne and Wear Pension Fund deficit was £2,569,000 which is shown in the balance sheet as a liability (31 March 2021: £6,534,000).

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a Local Government Pension Scheme (LGPS) admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

Due to changes in pension legislation, and the long-term uncertainty about pension scheme costs, Active Northumberland undertook a rigorous evaluation process and joined

## **Trustees' Annual Report for the year ended 31 March 2022**

the SPORTA pension scheme, Friends Life, and this provider is now the vehicle for "auto-enrolment" for employees.

### **Funds Held as Custodian Trustee on Behalf of Others**

Active Northumberland holds cash funds on behalf of Blyth Valley Trust for Youth, a registered Charity (number 514145) with objectives of the advancement of education and wellbeing of young people from the borough of Blyth Valley. Details of the amounts at the year-end can be found in note 27.

## Trustees' Annual Report for the year ended 31 March 2022

### FUTURE PLANS INCLUDING RISKS AND UNCERTAINTIES

Working with Northumberland County Council and our partners we will be very busy in the year ahead, future plans are summarised as follows:

- Further develop the look and feel of our website and App based upon customer feedback and introduce an industry leading customer journey and reception experience across the estate.
- Full opening of our innovative new leisure centre in Berwick, giving us additional revenue earning potential over the current facility which will be demolished during phase two and three of the transformation project of the leisure facility.
- Continue to develop and roll out across the portfolio our Exercise on Referral Scheme including the introduction of a weight management component with our Public Health Team partners, Momenta and Edinburgh Napier University.
- Develop our catering brand to ensure that it aligns with our vision to provide great places to relax, work and socialise with high quality nutritional options and solutions for our customers, while also having an exciting product range offering popular choices for all age groups.
- Introduce a Quality Management Framework to drive the successful achievement of Quest accreditation at all our larger leisure facilities.
- Develop our Group exercise programme making Les Mills a core feature at all our facilities.
- Develop and roll out our new outdoor Bootcamp product across the portfolio to promote vigorous and healthy outdoor physical exercise.
- Further develop community volunteering to grow and sustain activities to combat postnatal depression with our partners Sport England and the University of Northumbria.
- Produce our Workforce Development Plan to fundamentally transform our workforce from a fitness focus to wellness focus with our partners Future Fit.
- Introduce a leading-edge PE and school sport Continuing Professional Development programme for teachers with our partner schools to drive the consistent offer of high-quality PE and school sport countywide.
- Acknowledge and celebrate our employee achievements through a new badge and reward initiative culminating in an awards evening at an external venue.
- Complete the transformation of our head office space at Concordia Leisure Centre that will occupy the former Cramlington library space.
- Replace the front glazing and refurbish some more public areas of the Concordia Leisure Centre.
- Complete the redevelopments at the Berwick, Morpeth, and Newbiggin Leisure Centres with our partner Advance Northumberland.

## Trustees' Annual Report for the year ended 31 March 2022

- Complete energy efficiency audits and produce a new progressive energy efficiency and recycling plan to reduce our carbon footprint.
- Develop and roll out revised Company Goals and Vision to the workforce through marketing campaigns and training.

### Investment in Leisure Facilities

Northumberland County Council has invested significantly in sport and leisure provision across Northumberland and continues to provide investment in leisure facilities through business plans being submitted and agreed with Active Northumberland.

Major investments involve rebuilding state of the art leisure facilities in Ponteland, Berwick and Morpeth, and the refurbishment/redevelopment of Blyth Sports Centre. A new project has also commenced which will see an investment of £2 million to refurbish the Newbiggin Community Centre – due for completion in August 2022, and the new £21million Morpeth Leisure Centre being due for completion in 2023.

Combined committed capital investment is circa £65 million. In addition, Northumberland County Council has invested in a planned programme of major repairs and backlog maintenance work across the property estate which is appropriately scheduled and agreed on an annual basis.

### Workforce Requirements

The workforce will continue to be kept under review to ensure the Company has the capability to deliver the strategic objectives identified in the Transformation Strategy, whilst maintaining an efficient employee cost base. Effective recruitment and training will ensure that the Company continues to provide equal opportunities in employment and that the workforce continue to have the relevant skills and abilities for the organisation's current and future needs.

To support this, a leadership development programme was designed and rolled out from June 2019, and the Workforce Development Plan will be enhanced to include a progressive range of new industry leading professional development opportunities. A new programme of qualifications has been developed in conjunction with an education provider to develop and qualify new Leisure Attendants and Duty Managers, and we have commenced recruitment of 10 new apprentices to support areas across the business.

The Board recognise that faced with the challenge of transforming services in an increasingly competitive trading environment with a reducing management fee, the Company must develop and retain the expertise and skills necessary to deliver investment and growth, and most importantly to ensure that the Company remains true to its charitable objectives.

Approved by the Board and signed on its behalf by:

David Hall

Chair



Date:

25/23

## Trustees' Annual Report for the year ended 31 March 2022

### Trustees Responsibility Statement

The Trustees (who are also Directors of Active Northumberland for the purposes of Company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Charity and Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company (and the Group) and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company and Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charitable Company and the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable Company (and the Group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable Company and Group's auditor is unaware; and,
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Approved by the Board and signed on its behalf by:

David Hall

Chair



Date:

25.1.23

# **Independent Auditor's Report to the Members of Active Northumberland**

## **Independent auditor's report to the members of Active Northumberland Limited**

### **Opinion**

We have audited the financial statements of Active Northumberland Limited (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Balance Sheet ('parent charity' and 'group'), the Statement of Cash Flows 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" section of our report, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2022 and of the group's loss 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 Companies Act 2006.

### **Basis for qualified opinion**

As disclosed in note 20, Active Northumberland are an admitted body of the Tyne and Wear Pension Fund and a total net liability of £2,569,000 is recognised at the balance sheet date. The decrease in the net liability in the year of £3,965,000 is reflected in the Statement of Comprehensive Income and Expenditure. Further information on the scheme and the impact on the financial statements is disclosed in notes 20 and 21.

Our work on the amounts representing scheme assets involved seeking to obtain assurance concerning the existence and valuation of scheme assets. The auditor of the Tyne and Wear Pension Fund has not been able to provide timely assurance that the audit procedures they undertook in relation to the Pension Fund audit were sufficient to allow us to conclude that the value of the pension fund was materially fairly stated.

Consequently, the information available to us as auditors was limited in scope. We have therefore been unable to obtain sufficient, appropriate audit evidence in relation to the total net liability and consequently have been unable to determine whether any adjustment to the amounts presented in the financial statements is necessary, including the related movement in the Statement of Comprehensive Income and Expenditure. Our opinion is therefore qualified in this respect.

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

# **Independent Auditor's Report to the Members of Active Northumberland**

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## **Other information**

The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

As described in the "Basis for qualified opinion" section of our report, we have been unable to gain timely assurance that the audit procedures undertaken by the auditors of the Tyne and Wear Pension Fund audit were sufficient to allow us to conclude that the total net liability of £2,569,000 (reflected in the balance sheet date), the decrease in the net liability in the year of £3,965,000 (reflected in the Statement of Comprehensive Income and Expenditure) and the impact on the financial statements as disclosed in notes 20 and 21 value of the pension fund were materially fairly stated.

## **Opinions on other matters prescribed by the Companies Act 2006**

Except for the effects of the matter described in the "Basis for qualified opinion" section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the charity and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' report.

## **Independent Auditor's Report to the Members of Active Northumberland**

With the exception of the issues outlined in the 'Basis for qualified opinion' section of our report, we have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 trustees' responsibilities statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and

## Independent Auditor's Report to the Members of Active Northumberland

- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

### Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

*Craig Maxwell*

[Craig Maxwell \(Jan 26, 2023 17:27 GMT\)](#)

Craig Maxwell (Senior Statutory Auditor)

for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
100 Queen Street  
Glasgow  
G1 3DN

26 January 2023

## Consolidated Statement of Financial Activities

(including Income and Expenditure Account)

for the year ended 31 March 2022

	Note	Unrestricted Funds		Restricted Funds		Total 2022	Total 2021
		General Funds	Designated Funds				
		£	£	£	£	£	£
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations and legacies	4	1,822,174	-	153,385	-	1,975,559	4,893,432
Other trading activities	5	1,758,138	-	-	-	1,758,138	510,712
Income from charitable activities:							
from leisure services		9,059,381	-	176,518	-	9,235,899	4,097,854
from management fee		2,160,380	-	-	-	2,160,380	2,460,380
Other income		43,874	-	-	-	43,874	15,282
Total income and endowments		14,843,947	-	329,903	-	15,173,850	11,977,660
<b>EXPENDITURE ON:</b>							
Raising funds	5	1,113,257	-	-	-	1,113,257	691,362
Charitable activities	6	13,713,704	763,000	312,113	-	14,788,817	11,831,209
Other expenditure	7	24,503	-	1,000	-	25,503	25,181
Total expenditure		14,851,464	763,000	313,113	-	15,927,577	12,547,752

**Consolidated Statement of Financial Activities**  
(including Income and Expenditure Account)  
for the year ended 31 March 2022

	Note	Unrestricted Funds		Restricted Funds	Total	Total
		General Funds	Designated Funds			
		£	£	£	£	£
Net income/(expenditure)		(7,517)	(763,000)	16,790	(753,727)	(570,092)
Transfers between funds	17, 18	7,517	-	(7,517)	-	-
Net income/(expenditure) before other recognised gains and losses		-	(763,000)	9,273	(753,727)	(570,092)
<b>Other recognised gains/(losses)</b>						
Remeasurement of the net defined benefit pension liability	21	-	4,728,000	-	4,728,000	(1,853,000)
<b>NET MOVEMENT IN FUNDS</b>		-	3,965,000	9,273	3,974,273	(2,423,092)
<b>Reconciliation of funds</b>						
Total funds brought forward		1,327,548	(6,534,000)	192,848	(5,013,604)	(2,590,512)
Total funds carried forward		1,327,548	(2,569,000)	202,121	(1,039,331)	(5,013,604)

All gains and losses recognised in the year are included in the consolidated statement of financial activities. There are no material differences between the net income for the year and the historical cost equivalents.

**Balance Sheet**  
as at 31 March 2022

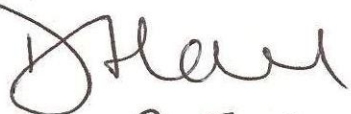
	Note	Group		Charity	
		2022 £	2021 £	2022 £	2021 £
<b>Fixed assets</b>					
Tangible fixed assets	11	151,631	196,229	151,631	196,229
Long term investment		-	-	1	1
<b>Current assets</b>					
Stock	13	80,075	49,006	45,502	37,556
Debtors	14	3,902,073	3,431,796	3,882,019	3,431,478
Cash at bank and in hand	24	77,640	26,720	75,790	24,870
		<b>4,059,788</b>	<b>3,507,522</b>	<b>4,003,311</b>	<b>3,493,904</b>
<b>Liabilities</b>					
Creditors: Amounts due within one year	15	(2,542,033)	(1,993,735)	(2,485,557)	(1,980,118)
Net current assets		<b>1,517,755</b>	<b>1,513,787</b>	<b>1,517,754</b>	<b>1,513,786</b>
Total assets less current liabilities		<b>1,669,386</b>	<b>1,710,016</b>	<b>1,669,386</b>	<b>1,710,016</b>
<b>Long term liabilities</b>					
Creditors: Amounts due in more than one year	16	(139,717)	(189,620)	(139,717)	(189,620)
Defined benefit pension liability	20,21	(2,569,000)	(6,534,000)	(2,569,000)	(6,534,000)
		<b>(2,708,717)</b>	<b>(6,723,620)</b>	<b>(2,708,717)</b>	<b>(6,723,620)</b>
NET LIABILITIES	19	<b>(1,039,331)</b>	<b>(5,013,604)</b>	<b>(1,039,331)</b>	<b>(5,013,604)</b>
<b>Funds of the Charity:</b>					
Unrestricted funds		<b>1,327,548</b>	<b>1,327,548</b>	<b>1,327,548</b>	<b>1,327,548</b>
Pension reserve		<b>(2,569,000)</b>	<b>(6,534,000)</b>	<b>(2,569,000)</b>	<b>(6,534,000)</b>
	17	<b>(1,241,452)</b>	<b>(5,206,452)</b>	<b>(1,241,452)</b>	<b>(5,206,452)</b>
<b>Restricted funds</b>					
Ring-fenced grants	18	<b>202,121</b>	<b>192,848</b>	<b>202,121</b>	<b>192,848</b>
		<b>202,121</b>	<b>192,848</b>	<b>202,121</b>	<b>192,848</b>
TOTAL FUNDS		<b>(1,039,331)</b>	<b>(5,013,604)</b>	<b>(1,039,331)</b>	<b>(5,013,604)</b>

Approved by the Board and signed on its behalf by:

David Hall

Chair

Date:

  
25.1.23

Company Registration Number: 08484436

**Statement of Cash Flows**  
as at 31 March 2022

		Group		Charity	
	Note	2022	2021	2022	2021
		£	£	£	£
Cash flows from operating activities	22	<b>99,233</b>	42,485	<b>99,233</b>	43,135
Cash flows from investing activities:					
Interest received		-	-	-	-
Net cash provided by investing activities		-	-	-	-
Cash flows from financing activities:					
Repayment of borrowing		<b>(48,313)</b>	(46,775)	<b>(48,313)</b>	(46,775)
Net cash used by financing activities		<b>(48,313)</b>	(46,775)	<b>(48,313)</b>	(46,775)
Change in cash and cash equivalents in the reporting period	24	<b>50,920</b>	(4,290)	<b>50,920</b>	(3,640)
Cash and cash equivalents at the beginning of the reporting period		<b>26,720</b>	31,010	<b>24,870</b>	28,510
Cash and cash equivalents at the end of the reporting period	23	<b>77,640</b>	26,720	<b>75,790</b>	24,870

# Notes to the Consolidated Financial Statements

## for the year ended 31 March 2022

### 1. Accounting Policies

#### 1.1 Basis of Preparation of the Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2019)" 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 2019; and the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently in the current and prior year. Active Northumberland meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

#### *Going concern*

The Active Northumberland Board agreed a negative budget for the financial year 2021-22 due to the uncertainty caused around the closures and restrictions due to the COVID-19 pandemic and our obvious reductions in revenue. We also see continued cost pressures on our utility costs and elevated staffing costs due to the rise in the cost of the National Living Wage.

Discussions continue to take place between Active Northumberland and the Council, and an open book process has been in operation since the very beginning of the pandemic in order that they are fully aware of the continuing levels of revenue support that will be required to ensure liquidity of the business. In February 2021, the Council confirmed it would provide significant additional financial support during the 2021-22 financial year to enable Active Northumberland to deliver financial balance and to maintain its current level of reserves.

Reports on Financial Performance for 2021-22 have been produced monthly from May 2021. The reports are agreed with the Executive Team and are reported to the Finance and Audit Committee and the Active Northumberland Board. Work has been ongoing throughout the year to model budgets based on estimated lockdown restrictions and occupancy levels. Following the Government's "road-map" announcement on 22 February 2021 more detailed budget planning has commenced based on the stepped phases of this plan. The Charity's unrestricted reserves are £1.328 million.

The Council continued to commission leisure services from Active Northumberland during 2022-23 and the Council confirmed in March 2022 that it would provide additional support to Active Northumberland during the year to address the ongoing impact of Covid-19 and in recognition of significant inflationary pressures.

The Council will continue to commission leisure services from Active Northumberland during 2023-24 and will continue to pay a Management Fee under the terms of the Operating Agreement between the parties.

The Council confirmed in October 2022 its intention to issue a letter of comfort for

## **Notes to the Consolidated Financial Statements**

### for the year ended 31 March 2022

2023-24 which would include assurances that the Council will continue to provide additional financial support as necessary in order to assist in addressing the continuing impact of Covid-19 and inflationary pressures, and ensure that Active Northumberland is able to continue to meet its liabilities as they fall due and maintain a sustainable financial position including adequate financial reserves.

The Council and Active Northumberland will continue to work together to review costs and service delivery to ensure the ongoing financial sustainability of Active Northumberland.

Pension obligations of £2.569 million shown in note 21 have been provided in the financial statements in accordance with FRS 102. The pension deficit does not directly affect the ability for Active Northumberland to continue trading and the liability is drawn up using actuarial assumptions. The exact value of the liability cannot be accurately quantified due to the uncertainty of future events. The pension liability does not fall due immediately as it relates to future events.

Given the explanation above, the Board is of the view that Active Northumberland is a going concern and able to meet its liabilities as they fall due.

#### **1.2 Basis of Consolidation**

These financial statements consolidate the results of the Charity and its wholly owned subsidiary Active Northumberland Trading Limited on a line-by-line basis for the year ended 31 March 2022. The charitable Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent charitable Company statement of financial activities. Active Northumberland Trading Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A. The results of the subsidiary are shown in note 5.

#### **1.3 Income**

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

#### **1.4 Grants Receivable**

Grants receivable are included in the statement of financial activities within the period to which they relate. If the grants are awarded in respect of particular projects, then all the income and expenditure arising from the projects is shown as restricted activities.

Where grants related to performance and specific deliverables, they are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance, recognition is deferred and included in creditors; and, where entitlement arises before income is received the income is accrued.

## **Notes to the Consolidated Financial Statements**

for the year ended 31 March 2022

### **1.5 Expenditure**

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are accounted for as goods and services are supplied. Resources expended are included on the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered. Expenditure is classified under the following activity headings:

- Raising funds are those costs incurred in the delivery of trading activities.
- Charitable activities include expenditure associated with the provision of leisure and health promotion activities. These include both direct and related costs. Expenditure on charitable activities includes direct costs of delivering grants and services, and support costs. These are the functions that assist the work of the Charity but do not directly undertake charitable activities, including management and back-office costs. These costs are shown in more detail in note 6.
- Governance costs include expenditure incurred on complying with constitutional and statutory requirements.

### **1.6 Taxation**

The parent Company is a registered Charity and has no liability for corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

### **1.7 Tangible Assets and Depreciation**

Tangible fixed assets are carried at cost less depreciation and impairment. Depreciation is provided at rates calculated to write off the cost of the fixed assets over their expected useful lives on the following basis:

- Fixture, fittings, and equipment – 15 years.

### **1.8 Investments**

Investments in subsidiary undertakings are held at cost less impairment.

### **1.9 Stock**

Stock is valued at the lower of cost and net realisable value. No provision against obsolete or damaged stock is deemed necessary.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

### 1.10 Pension Costs

#### Defined Contribution Pension Plan

The Charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Charity pays fixed contributions into a separate entity. Once the contributions have been paid the Charity has no further payment obligations. The contributions are recognised as an expense in the consolidated statement of financial activities. The assets of the plan are held separately from the Charity in independently administered funds.

Teachers employed by the Charity have membership of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement. The scheme is a defined benefit final salary scheme. It is not possible for the Charity to identify its share of the underlying liabilities in the scheme, and it is therefore classed as a defined contribution scheme for the purposes of the accounting requirements of FRS 102 and does not form part of the pension deficit.

#### Defined Benefit Pension Plan

The Charity operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Charity engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of the plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Charity's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains/(losses). These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gain/(loss) on defined benefit pension schemes.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

- The increase in net pension benefit liability arising from employee service during the period; and,
- The cost of plan introductions, benefit changes, curtailments, and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets.

The Charity operates a defined benefits pension scheme, and the pension charge is based on a full actuarial valuation dated 31 March 2019.

The Charity is an admitted body of the Tyne and Wear Pension Fund (“LGPS”) and provides pension arrangements to its employees. The scheme is classified as a defined benefit scheme based on final pensionable pay and as such must comply with reporting standard FRS 102. This requires the Charity to disclose certain information concerning assets, liabilities, income, and expenditure related to the scheme for its employees. These disclosures have been prepared by AON Hewitt the actuary of the Tyne and Wear Pension Fund. The purpose of the pensions’ disclosure is to provide clear information on the impact of the Charity’s obligation to fund the retirement benefits of its staff on its financial position and performance. Even where this obligation is discharged through a pension fund, the Charity is responsible for employer’s contributions set at a level to ensure the liabilities of the fund can be met.

The liabilities of the pension scheme attributable to the Charity are included in the balance sheet on an actuarial basis using the projected unit method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees.

Assets have been valued at bid value in accordance with FRS 102. Refer to note 20 for further detail. The net pension liability is analysed into the following components:

### Current Service Costs

The increase in liabilities as a result of years of service earned this year is allocated to the consolidated statement of financial activities.

### Past Service Costs

The increase in liabilities arising from current year decisions that affect years of service earned in previous years.

### Interest Costs

The expected increase in the present value of liabilities during the year as they move one year closer to being paid.

### Expected Return on Assets

The annual investment return on the fund assets attributable to the Charity based on an average of the expected long-term return.

## **Notes to the Consolidated Financial Statements**

### for the year ended 31 March 2022

#### Actuarial Gains and Losses

Changes in the net pension liability that arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

#### **1.11 Funds**

Funds held by the Charity are either:

- Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- Restricted funds – these are funds that can only be used for a particular purpose as specified by the donor or when funds have been raised for a particular purpose.
- Designated funds – these are funds that the Trustees have set aside for a particular purpose.

#### **1.12 Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. The Charity and Group only have financial assets and financial liabilities of a kind that qualifies as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments where applicable. 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 trade discounts due.

#### **2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the Group's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2022

The area of estimation uncertainty included in the financial statements are:

- At 31 March 2022, Active Northumberland had a net defined pension liability of £2.569 million. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets (as shown in the table below). A firm of consulting actuaries is engaged to provide the Charity with expert advice about the assumptions to be applied. The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 2.4% increase in the discount rate assumption would result in a decrease in the pension liability of £0.744 million. However, the assumptions interact in complex ways. During 2021-22, the Charity's actuary advised that the net pension liability for funded LGPS benefits had decreased by £3.488 million due to changes in actuarial assumptions.

Impact on the defined benefit obligation in the scheme	Increase in assumption	Increase in assumption	Decrease in assumption	Decrease in assumption
	£	%	£	%
Adjustment to discount rate (increase or decrease by 0.1%)	(744,000)	(2.4)	744,000	2.4
Adjustment to salary increase rate (increase or decrease by 0.1%)	93,000	0.3	(93,000)	(0.3)
Adjustment to pension increase rate (increase or decrease by 0.1%)	651,000	2.1	(651,000)	(2.1)
Adjustment to mortality age rating assumptions (increase or decrease in 1 year)	1,054,000	3.4	(1,054,000)	(3.4)

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2022

### 3. Financial Performance of the Charitable Company

The consolidated statement of financial activities includes the results of the Charity's wholly owned subsidiary which operates the catering facilities and merchandising sales at the leisure facilities.

The summary financial performance of the Charity alone is:

	2022 £	2021 £
Income	14,058,494	11,284,378
Gift aid from subsidiary Company	-	-
	<b>14,058,494</b>	<b>11,284,378</b>
Expenditure on charitable activities	(14,812,221)	(11,854,470)
Defined pension liability	4,728,000	(1,853,000)
<b>Net income/(expenditure)</b>	<b>3,974,273</b>	<b>(2,423,092)</b>

### 4. Donations and Legacies

	Unrestricted Funds £	Restricted Funds £	2022 £	2021 £
Business Rate Grants	454,096	-	454,096	419,947
Furlough Grant	787,332	-	787,332	4,081,649
Football Foundation	-	-	-	500
National Leisure Recovery Fund (NLFR)	579,018	-	579,018	225,000
Schools		116,350	116,350	96,550
Sport England		37,035	37,035	69,786
Hirst Welfare – Outdoor play area	1,728	-	1,728	-
	<b>1,822,174</b>	<b>153,385</b>	<b>1,975,559</b>	<b>4,893,432</b>

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2022

**5. Other Trading Activities**

	Other Activities £	Trading Activities £	2022 £	2021 £
Income	794,023	1,115,357	1,909,380	1,014,261
Expenditure	-	(1,115,357)	(1,115,357)	(693,282)
	<b>794,023</b>	<b>-</b>	<b>794,023</b>	<b>320,979</b>

Other activities primarily relate to income from hire of facilities and income from the GP Referral Scheme. The expenditure shown also includes the audit fee allocated to other trading activities of £2,100. Trading activities income also includes £151,242 of furlough grant income.

The charitable Company has a wholly owned subsidiary, Active Northumberland Trading Limited, incorporated in England and Wales (Company number 09243253) and pays all its profits to the charitable Company under the gift aid scheme. Active Northumberland Trading Limited operates the bar, catering and all other commercial trading operations with the leisure facilities managed by Active Northumberland. A summary of the Trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2022 £	2021 £
Turnover	1,115,357	693,282
Cost of sales and administrative expenses	(1,115,357)	(693,282)
Profit for the year	-	-
Amounts gift aided to Charity	-	-
	-	-
The assets and liabilities of the subsidiary were:		
Current assets	217,647	85,575
Current liabilities	(217,646)	(85,574)
	1	1

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

### 6. Analysis of Expenditure on Charitable Activities

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2022 £	2021 £
Bank charges	130,045	-	-	130,045	53,911
Conference, courses, hospitality, and promotions	89,259	-	2,948	92,207	33,855
Consultancy	64,873	-	-	64,873	140
Depreciation	44,598	-	-	44,598	44,598
Equipment	242,194	-	3,677	245,871	111,478
Holiday pay	77,139	-	(225)	76,914	248,815
Hired services	12,234	-	-	12,234	12,585
Insurance and sundry premium costs	27,997	-	-	27,997	18,990
IT & software	36,935	-	1,400	38,335	52,216
Legal & professional	910,149	-	22,148	932,297	910,421
Marketing	110,262	-	4,620	114,882	43,918
Postage, printing, stationery, and telephone	84,953	-	975	85,928	79,473
Rents	68,000	-	-	68,000	62,756
Repairs and maintenance	1,166,764	-	-	1,166,764	876,389
Staff costs	7,778,399	763,000	275,100	8,816,499	8,502,701
Sundry expenses	85,257	-	(659)	84,598	52,336
Utilities	2,142,206	-	-	2,142,206	815,328
VAT partial exemption	642,440	-	2,129	644,569	(88,701)
	<b>13,713,704</b>	<b>763,000</b>	<b>312,113</b>	<b>14,788,817</b>	<b>11,831,209</b>

Note: The figures in brackets represent a reduction in the provision for holiday pay and reversal of prior year bad debt provision 2020-21.

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2022

Included in the previous table are support costs of:

	2022 £	2021 £
Bank charges	103,525	42,340
Conference expenses	66,577	16,415
Insurance and sundry premium costs	1,618	974
Postage, printing, stationery, and telephone	24,200	35,220
Staff costs	606,688	440,546
Sundry expenses	464,883	427,200
VAT partial exemption	56,383	(6,086)
	<b>1,323,874</b>	<b>956,609</b>

Service Level Agreements:

- Procurement
- Communications
- Health and Safety
- Information Services
- Human Resources and Organisational Development
- Corporate Financial Services
- Energy
- Reactive Repairs and Planned Maintenance
- Statutory Maintenance, Testing and Inspection
- Audit and Strategic Risk

Service level agreement costs paid to Northumberland County Council:

	2022 £	2021 £
Northumberland County Council	738,043	715,646
	<b>738,043</b>	<b>715,646</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

### 7. Other Expenditure

	2022	2021
	£	£
Audit fee	23,600	23,333
Trustee liability insurance	1,903	1,848
	<b>25,503</b>	<b>25,181</b>

This relates to the main audit fee of £20,500 and costs in relation to other audit services for £3,100.

The fee in relation to Mazars LLP audit of the 2021-22 Trustees' Annual Report and Financial Statements is £23,600 and was accrued in year, analysed between different elements; audit fee £20,500, teachers' pension return £1,000 and other services for £2,100.

### 8. Analysis of Staff Costs, Trustee Remuneration and Expenses

Group	2022	2021
Number of Employees:	No.	No.
Key management personnel (Executive leadership team)	5	5
Generating funds	98	98
Charitable activities	594	684
	<b>697</b>	<b>787</b>

The total employee benefits of the Executive leadership team of the Charity (see page 4) were £380,373 (2020-21: £356,245).

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

Group	2022	2021
Remuneration comprised:	£	£
Apprenticeship levy	23,058	23,654
Holiday pay	79,775	248,815
Pension costs	297,042	320,263
Salaries & wages	7,613,755	7,730,499
Social security costs	473,650	423,172
Termination benefits	249,893	12,116
Travel and other staff costs	29,138	10,637
	<b>8,766,311</b>	<b>8,769,156</b>

The number of employees whose annual emoluments were more than £60,000:	2022	2021
£60,000 - £69,999	2	1
£120,000 - £129,999	1	1

Termination Benefits	2022	2021
	£	£
Compensation / ex gratia	102,255	4,592
Redundancy	146,032	7,524
Strain on the fund	1,606	-
	<b>249,893</b>	<b>12,116</b>

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either:

- terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or,
- providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The Trustees were not paid and did not receive any other benefits from employment with the charitable Company or its subsidiary during the year (2020-21: nil). No Trustees were reimbursed for travel expenses in 2020-21 (2020-21: nil).

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

### 9. Net Income/Expenditure for the year

This is stated after charging:

	2022	2021
	£	£
Depreciation	44,598	44,598
Audit fee & Trustee liability insurance	25,503	25,181

### 10. Corporation Tax

The charitable Company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 of the extent that these are applied to its charitable objects.

### 11. Tangible Fixed Assets

	Fixture, fittings & equipment £
Cost:	
At 1 April 2021	515,351
Additions	-
At 31 March 2022	
Depreciation:	
At 1 April 2021	319,122
Charge for the year	44,598
At 31 March 2021	363,720
Net book value:	
At 31 March 2022	151,631
At 31 March 2021	196,229

### 12. Investments

The charitable Company has a wholly owned trading subsidiary Company, Active Northumberland Trading Limited, incorporated in England and Wales. The activities and results of the trading Company are summarised in note 5.

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2022

**13. Stock**

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Leisure stock	80,075	49,006	45,502	37,556
	80,075	49,006	45,502	37,556

**14. Debtors**

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	954,799	408,363	953,866	407,191
Other debtors (See note 28)	2,371,288	-	2,371,288	-
Prepayments and accrued income	595,229	3,074,061	576,108	3,073,724
Provision for bad debt	(19,243)	(50,628)	(19,243)	(49,437)
	3,902,073	3,431,796	3,882,019	3,431,478

**15. Creditors: Amounts due within one year**

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade creditors	82,970	51,395	55,116	51,684
Amounts owed to subsidiary	-	-	161,171	71,958
Taxation & social security	203,759	121,564	203,759	121,564
Accrual/deferred income	1,746,426	1,351,644	1,594,482	1,299,934
Holiday pay accrual	433,776	354,001	395,927	319,847
Other loans	49,903	48,313	49,903	48,313
Other creditors	25,199	66,818	25,199	66,818
	2,542,033	1,993,735	2,485,557	1,980,118

Deferred income relates to facilities hire, fitness classes and course bookings paid for in advance of participation. A provision has been recognised in relation to a legal matter and the liability is included within the accrual/deferred income balance.

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2022

**16. Creditors: Amounts due in more than one year**

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Other loans	<b>139,717</b>	189,620	<b>139,717</b>	189,620
Analysis of loans:				
Not wholly repayable within five years	-	-	-	-
Wholly repayable within five years	<b>189,620</b>	237,933	<b>189,620</b>	237,933
	<b>189,620</b>	237,933	<b>189,620</b>	237,933
Included in current liabilities	<b>(49,903)</b>	(48,313)	<b>(49,903)</b>	(48,313)
	<b>139,717</b>	189,620	<b>139,717</b>	189,620

Loan maturity analysis:				
Due between one to two years	<b>51,536</b>	49,903	<b>51,536</b>	49,903
Due between three to five years	<b>88,181</b>	139,717	<b>88,181</b>	139,717
Due in more than five years	-	-	-	-
	<b>139,717</b>	189,620	<b>139,717</b>	189,620

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

### 17. Unrestricted Funds

	1 April 2021	Incoming Resources	Resources Expended	Transfers	Gains / Losses	31 March 2022
	£	£	£	£	£	£
<b>Unrestricted fund</b>						
General fund	1,327,548	14,843,947	(14,851,464)	7,517	-	1,327,548
<b>Designated fund</b>						
Pension reserve	(6,534,000)	-	(763,000)	-	4,728,000	(2,569,000)
	<b>(5,206,452)</b>	<b>14,843,947</b>	<b>(15,614,464)</b>	<b>7,517</b>	<b>4,728,000</b>	<b>(1,241,452)</b>

Description of fund	Description, nature, and purpose of fund
General fund	The 'free reserves' after allowing for all designated funds.
Designated funds	Pension reserve – relates to the FRS102 defined benefit pension liability, further details can be found in note 21.

### 18. Restricted Funds

	1 April 2021	Incoming Resources	Resources Expended	Transfers	31 March 2022
	£	£	£	£	£
School Games	22,309	288,455	(260,138)	-	50,626
Young at Heart	410	-	-	-	410
Inactivity Fund	46,779	41,448	(52,975)	-	35,252
Prudhoe Football Sporting Club - Renewals	30,850	-	-	(30,850)	-
Sporting Club Bedlington – Sinking Fund	62,500	-	-	16,667	79,167
Sporting Club Bedlington - Renewals	30,000	-	-	6,666	36,666
	<b>192,848</b>	<b>329,903</b>	<b>(313,113)</b>	<b>(7,517)</b>	<b>202,121</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

### Transfers

The transfer to renewals and sinking fund schemes have been funded from unrestricted reserves. \* donates service/fund transferring to Prudhoe Community High School.

Description of fund	Description, nature, and purpose of fund
School Games	Project funded by Sport England to organise school games. Promoting competitive sporting activities for younger people (Southeast and North Northumberland).
Young at Heart	Funds to support disabled people to access fitness activities at Prudhoe Waterworld.
Inactivity Fund	A project to engage women who are experiencing or are at risk of developing postnatal depression to participate in 30 minutes of activity each week.
*Prudhoe Football Sporting Club - Renewals	A renewals fund for future reinvestment in facility redevelopment.
Sporting Club Bedlington – Sinking Fund	A fund for reinvestment into the 3G pitch.
Sporting Club Bedlington - Renewals	A renewals fund for future reinvestment in facility redevelopment.

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2022

### 19. Analysis of Assets and Liabilities between Funds

	General £	Designated £	Restricted £	2022 £	2021 £
Fixed assets	151,631	-	-	151,631	196,229
Net current assets	1,315,634	-	202,121	1,517,755	1,513,787
Creditors due more than one year	(139,717)	-	-	(139,717)	(189,620)
Pension fund liability	-	(2,569,000)	-	(2,569,000)	(6,534,000)
	1,327,548	(2,569,000)	202,121	(1,039,331)	(5,013,604)

### 20. Pension Arrangements

#### Defined Contribution Scheme

The Charity operates a defined contribution scheme, which is offered to all new employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund. An amount of £74,373 (2020-21: £68,586) was paid into the scheme during the financial year.

In 2021-22 Active Northumberland also paid £34,789 (2020-21: £46,336) to the Teachers' Pensions Agency in respect of teachers' retirement benefits representing 23.68% of teachers' pensionable pay for the period 1 April 2021 to 31 March 2022. The pension rate increased from 16.48% to 23.68% in September 2019.

#### Defined Benefit Scheme

On 1 October 2014 when the management of the leisure facilities within Northumberland moved into Active Northumberland the Local Government Pension Scheme (LGPS) relating to these staff transferred into the charitable Company. The LGPS provides defined benefits, based on the member's final pensionable salary.

Due to changes in pension legislation, and the long-term uncertainty about pension scheme costs, Active Northumberland has closed the local government pension scheme to new members.

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a LGPS admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

In accordance with Section 28 of FRS 102 disclosure of certain information concerning assets, liabilities, income, and expenditure relating to pension schemes is required. The latest valuation was undertaken on 31 March 2019. The duration of liabilities is 24.2 years and revaluation is undertaken every 3 years. The duration of liabilities is the average period, expressed in the number of years, between the calculation date and the date on which the scheme benefit falls due. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for the purposes of FRS 102 were:

Key assumptions	2022	2021
Discount rate for liabilities	2.7%	2.1%
RPI inflation		
CPI inflation	2.9%	2.7%
Pension increases	2.9%	2.7%
Pension accounts revaluation rate	2.9%	2.7%
Salary increases	4.4%	4.2%
Mortality rates		
- Males - Pensioner member aged 65 at accounting date	21.8	21.9
- Males - Active member aged 45 at accounting date	23.5	23.6
- Females - Pensioner member aged 65 at accounting date	25.0	25.1
- Females - Active member aged 45 at accounting date	26.7	26.9

Asset allocation	31 March 2022 %	31 March 2021 %
Equities	57.0	55.5
Property	8.4	7.9
Government bonds	2.0	2.2
Corporate bonds	18.8	19.8
Cash	1.8	4.0
Other	12.0	10.6
	100.0	100.0

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2022

<b>Reconciliation of funded status to balance sheet</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£m</b>	<b>£m</b>
Fair value of assets	28.417	26.909
Present value of funded defined benefit obligation	(30.986)	(33.443)
Liability recognised on the balance sheet	(2.569)	(6.534)

<b>Amounts recognised in consolidated statement of financial activities</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£m</b>	<b>£m</b>
Current service costs	0.817	0.748
Past service costs	0.001	-
Financing costs – interest on net defined benefit liability/(assets)	0.135	0.091
Pension expense recognised in profit and loss	0.953	0.839

<b>Amounts recognised in comprehensive income</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£m</b>	<b>£m</b>
Asset gains/(losses) arising during the period	1.240	5.207
Liability gains/(losses) arising during the period	3.488	(7.060)
Total amount recognised in other comprehensive income	4.728	(1.853)

<b>Changes to the present value of defined benefit obligations</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£m</b>	<b>£m</b>
Opening defined benefit obligation	33.443	25.322
Current service cost	0.817	0.748
Interest expense on defined benefit obligation	0.697	0.579
Contributions by participants	0.100	0.121
Actuarial (gains)/losses on liabilities	(3.488)	7.060
Net benefits paid out	(0.584)	(0.387)
Past service cost	0.001	-
Net increase/(decrease) in liabilities from disposals/acquisitions	-	-
Closing defined benefit obligation	30.986	33.443

**Notes to the Consolidated Financial Statements**  
for the year ended 31 March 2022

<b>Changes to the fair value of assets</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£m</b>	<b>£m</b>
Opening fair value of assets	26.909	21.250
Interest income on assets	0.562	0.488
Re-measurement gains/(losses) on assets	1.240	5.207
Contributions by the employer	0.190	0.230
Contributions by participants	0.100	0.121
Net benefits paid out	(0.584)	(0.387)
Net increase/(decrease) in assets from disposals/acquisitions	-	-
Closing fair value of assets	28.417	26.909

<b>Actual return on assets</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£m</b>	<b>£m</b>
Interest income on assets	0.562	0.488
Gain/(loss) on assets	1.240	5.207
Actual return on assets	1.802	5.695

**21. Pension – Movements in Reserves**

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
Current service cost	(817,000)	(748,000)
Past service cost	(1,000)	-
Net decrease in assets from disposal/acquisitions	-	-
Employer contributions & net pension	190,000	230,000
	(628,000)	(518,000)
Interest on liabilities	(135,000)	(91,000)
	(763,000)	(609,000)
Re-measurement gains/(losses) on assets	1,240,000	5,207,000
Net decrease in liabilities from disposal/acquisitions	-	-
Actuarial gains/(losses) on liabilities	3,488,000	(7,060,000)
	4,728,000	(1,853,000)
Opening position	(6,534,000)	(4,072,000)
Closing position	(2,569,000)	(6,534,000)

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

### 22. Cash flow from Operating Activities

	Group		Charity	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£	£	£	£
Net movement in funds for the year before transfers and excluding interest	(753,727)	(570,092)	(753,727)	(570,092)
Adjustments for:				
Depreciation on tangible assets	44,598	44,598	44,598	44,598
Pension charges	763,000	609,000	763,000	609,000
(Increase)/decrease in debtors	(438,892)	99,702	(420,347)	90,227
Increase/(decrease) in creditors excluding loan	546,709	(157,124)	503,848	(120,115)
Increase/(decrease) in provisions	-	-	-	-
(Increase)/decrease in stock	(31,070)	10,031	(7,946)	(15,789)
Increase/(decrease) in bad debt	(31,385)	6,370	(30,193)	5,306
	<b>99,233</b>	<b>42,485</b>	<b>99,233</b>	<b>43,135</b>

Reconciliation of net debt - Group	1 April 2021	Cash-flows	31 March 2022
	£	£	£
Cash	19,415	50,920	70,335
Cash equivalent	7,305	-	7,305
Loans falling due within one year	(48,313)	(1,590)	(49,903)
Loans falling due after more than one year	(189,620)	49,903	(139,717)
	<b>(211,213)</b>	<b>99,233</b>	<b>(111,980)</b>

Reconciliation of net debt - Charity	1 April 2021	Cash-flows	31 March 2022
	£	£	£
Cash	19,415	50,920	70,335
Cash equivalent	5,455	-	5,455
Loans falling due within one year	(48,313)	(1,590)	(49,903)
Loans falling due after more than one year	(189,620)	49,903	(139,717)
	<b>(213,063)</b>	<b>99,233</b>	<b>(113,830)</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

### 23. Analysis of Net Cash Resources

	1 April 2021	Cash flow	Other non-cash charges	31 March 2022
	£	£	£	£
Net cash Group	26,720	50,920	-	77,640
Net cash Charity	24,870	50,920	-	75,790

### 24. Cash and Cash Equivalents at the End of the Reporting Period

	Group		Charity	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£	£	£	£
Increase/(decrease) in cash during the year	50,920	(4,290)	50,920	(3,640)
Opening cash	26,720	31,010	24,870	28,510
Closing cash	77,640	26,720	75,790	24,870

### 25. Contingent Asset

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a LGPS admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

### 26. Controlling Party

The Charity is controlled by the Board of Trustees.

### 27. Funds held as Custodian

During the year funds were held on behalf of Blyth Valley Trust for Youth, an amount of £25,199 (2020-21: £25,199) is shown as a creditor at the year end.

## **Notes to the Consolidated Financial Statements**

### for the year ended 31 March 2022

#### **28. Related Party Transactions**

All transactions between the Charity and its subsidiary, Active Northumberland Trading Limited are eliminated on consolidation.

The 2021-22 agreed management fee from Northumberland County Council was £2.16 million (2020-21: £2.46 million). In addition, further funding of 0.37 million was agreed (2020-21: £2.26 million) which was raised at the year-end as a debtor.

There were also other goods and services provided to Northumberland County Council of £1.23 million (2020-21: £0.36 million) and other goods and services received from Northumberland County Council of £1.47 million (2020-21: £1.29 million).

Active Northumberland uses Northumberland County Council's Oracle Cloud Applications for all expenditure transactions and reporting through the general ledger. At the end of 2021-22 Active Northumberland was owed £2.37 million by Northumberland County Council (2020-21: £0.04 million was owed by Active Northumberland).

In 2021-22 there have been goods or service received from NWG Business Limited - £95,652 (2020:21 £62,557), and goods or services provided to the NHS - £19,380 (2020-21: £705) and Pele Trust - £12,492 (2020-21: £65).

#### **29. Contingent Liabilities**

There were no contingent liabilities identified as at 31 March 2022. (31 March 2021: nil).

#### **30. Post Balance Sheet Events**

There are no post balance sheet events to report.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2022

### 31. Financial Instruments

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
<i>Financial assets measured at amortised cost</i>				
Trade debtors	<b>954,798</b>	408,363	<b>953,867</b>	407,191
Amounts owed to Group undertakings	-	-	-	-
Other debtors	<b>2,371,288</b>	-	<b>2,371,288</b>	-
Accrued income	<b>521,160</b>	3,014,146	<b>502,039</b>	3,013,809
<i>Financial liabilities measured at amortised cost</i>				
Trade creditors	<b>82,970</b>	51,395	<b>55,116</b>	51,684
Amounts owed to related party	-	-	-	-
Amounts owed to Group undertakings	-	-	<b>161,171</b>	71,958
Other creditors	<b>25,199</b>	66,818	<b>25,199</b>	66,818
Accruals	<b>1,818,404</b>	1,502,604	<b>1,628,611</b>	1,416,740
Loan from related party	<b>49,903</b>	48,313	<b>49,903</b>	48,313
Long term Creditor	<b>139,717</b>	189,620	<b>139,717</b>	189,620

**ACTIVE NORTHUMBERLAND**

England & Wales - Charity number 1153198

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# Accounts

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Company Registration Number: 08484436 (England and Wales)

Charity Registration Number: 1153198



(a Company limited by guarantee and not having a share capital)

## **Trustees' Annual Report and Financial Statements**

**For the Year Ended 31 March 2021**

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## Legal and Administrative Information for the year ended 31 March 2021

<b>Trustees</b>	David Hall (Chair)			
	Jane Riley (Vice Chair)			
	Judith Stonebridge (Vice Chair)	Resigned 21 April 2021		
	Modaser Choudhary			
	Malcolm Copland			
	Steve Crosland			
	Lindsay Muers	Resigned 9 June 2021		
	James Murray	Resigned 22 April 2021		
	Frances Naylor	Resigned 7 April 2021		
	Claire Riley			
<b>Secretary</b>	Peter Stonell	Resigned 13 May 2020		
	Karla Sweeney	Appointed 1 April 2021		
<b>Chief Executive</b>	Mark Warnes			
<b>Company number</b>	08484436			
<b>Charity number</b>	1153198			
<b>Registered Office</b>	Concordia Leisure Centre Forum Way Cramlington Northumberland NE23 6YB			
<b>Bankers</b>	The Co-operative Bank Norfolk House 84 - 86 Grey Street Newcastle Upon Tyne NE1 6BZ			
	<b>Legal Advisers</b>	Wrigley Solicitors 19 Cookridge Street Leeds LS2 3AG		
		<b>Auditors</b>	Mazars LLP Bank Chambers 26 Mosley Street Newcastle Upon Tyne NE1 1DF	

# Trustees' Annual Report for the year ended 31 March 2021

## TRUSTEES' REPORT

The Trustees, who are Directors for the purpose of Company law, present their annual report (including the Strategic Report) on the affairs of the Charity and the Group, together with the financial statements and the auditor's report for the year ended 31 March 2021.

### Introduction

Active Northumberland is a registered Charity (Company limited by guarantee) formed in 2014 from a merger of several different leisure service providers. Active Northumberland employs circa 787 people, of which 388 are contracted (equating to circa 265 full time equivalent employees) and a Board of Non-Executive Directors (Trustees) with a relevant range of expertise and senior level management experience.

### Mission and Proposition

Active Northumberland delivers leisure services on behalf of Northumberland County Council with the aim of improving and supporting the lives of residents and visitors to the County by primarily increasing population physical activity levels, thereby improving health and wellbeing in line with Northumberland County Council's strategic objectives.

Active Northumberland's proposition is "To provide great experiences in great places for everyone".

### Vision and Focus

Active Northumberland's vision is "To be the best community leisure and wellness provider in the UK".

Active Northumberland's focus is to deliver a Transformation Strategy that will allow us to become a nationally leading leisure trust through optimising participation in our leisure services and by delivering a wider, positive impact across health, social care and education with outstanding levels of quality and efficiency.

### Structure and Governance

#### Board of Trustees

Chair	David Hall	Trustee	Steve Crosland
Vice Chair	Jane Riley	Trustee	Lindsay Muers
Vice Chair	Judith Stonebridge	Trustee	James Murray
Trustee	Modaser Choudhary	Trustee	Frances Naylor
Trustee	Malcolm Copland	Trustee	Claire Riley

## Trustees' Annual Report for the year ended 31 March 2021

### Executive Leadership Team

Interim Chief Executive	Mark Warnes
Head of Operations and Services	Paul Metcalfe
Head of Commercial and Resources	Jo Farrier
Head of PE, School Sports and Sports Development	Franki Clark
Strategic Capital and Estates Manager	Leanne Beattie

Active Northumberland is a Company limited by guarantee, established under a Leisure Partnership Agreement with Northumberland County Council which lays out the objects and powers of the Company and is governed under its Articles of Association.

Active Northumberland is governed by its Board of Trustees. The Articles of Association were reviewed and amended on 17 April 2019 by removing the provision for organisational members in order to strengthen Trustee governance.

There is provision for an unlimited number of Trustees, with 10 serving during 2020-21. Trustees are required to bring a mix of skills and experiences which include customer engagement and advocacy, health improvement, corporate law and governance, finance, and commercial sport and leisure services and/or marketing to help oversee the overall management of the Company and to maintain a sustainable business.

The Board has worked to assure themselves that the Company is delivering effectively against its key aims and charitable objectives. The Board has implemented arrangements in line with the Partnership Agreement with Northumberland County Council so that Active Northumberland manages the operation of leisure facilities and services on behalf of the Council. The Partnership Agreement coupled with a performance management framework ensures progress is appropriately recorded and acknowledged, and that under Active Northumberland's management Northumberland County Council's leisure assets and resources are optimised and successfully contribute to the Council's strategic priorities.

The Company is managed by the Board and Executive leadership team through financial and non-financial key performance indicators, thorough budget monitoring, key national benchmarking performance and service quality indicators. This is all monitored and reviewed using the Company's Corporate Scorecard.

Monthly budget meetings and review meetings are held by Executive Management with the Senior Management, the Finance Team, and budget holders to review performance and progress, and in turn the Executive management report bi-monthly to the Board's Finance and Audit Committee and in turn full Board meetings.

Active Northumberland has developed a Strategic Risk Register and stringent health and safety arrangements which are routinely monitored and reported at board meetings.

Induction of new Trustees is undertaken jointly by the Company Secretary and the Chief Executive which ensures new Trustees know and understand their responsibilities as a Trustee of the charitable Company; and they have an insight into the activities of Active

## Trustees' Annual Report for the year ended 31 March 2021

Northumberland. They are also introduced to the relationship between Active Northumberland Limited and Active Northumberland Trading Limited.

The Board of Trustees has signed up to and acts within the principles of the Active Northumberland Governance Code of Conduct. A standing agenda item, enabling Trustees to declare any relevant interests, is included at each Board meeting. The Board has agreed a Conflicts of Interest Policy taking account of the Charity Commission and Regulator Guidance.

During 2020-21 the Board convened every two months. Meetings were attended by members of the Executive Leadership Team along with the Finance Manager. This ensured representation of key personnel with responsibility for the leadership of strategic business development areas and service delivery functions. All meetings during this financial year have been conducted virtually due to the COVID-19 pandemic but will revert to face-to-face meetings as soon as it is safe to do so.

A minimum attendance of 50% for all Board meetings has been agreed and attendance at Board meetings remains high at 90% overall. This is monitored by the Company Secretary and reported to the Board on an annual basis enabling any issues to be addressed. All Board meetings have taken place as planned; thus, enabling effective decision making throughout the year.

A Code of Practice for Trustees is in place and signed-up to by all Trustees on appointment. An annual declaration of interest is also completed and reported to the Board. A skills audit was undertaken in June 2019 and is now being used in the recruitment of Trustees.

### **Companies Act 2006 - 172 Duty to promote the success of the Company**

(1) A Trustee of a Company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term,

Board members have been selected from a broad range of businesses and industry sectors with a wealth of experiences at the highest level to ensure that those professional experiences and knowledge base can be drawn upon for the benefit of the Company. All Board members have the best interests firmly at the heart of the decisions that are taken and through the collective decision and reasoning would always act in the best interests of the Company. Any declarations of interest from Board Members are always declared and minuted at the beginning of every Board Meeting.

(b) the interests of the Company's employees,

The Board is firmly behind the development and welfare of all employees and ensures that training and welfare is at the centre of the Company's Transformation Strategy and Corporate Scorecard monitoring.

## Trustees' Annual Report for the year ended 31 March 2021

(c) the need to foster the Company's business relationships with suppliers, customers, and others,

Please see section - **Suppliers**

(d) the impact of the Company's operations on the community and the environment,

The Board are keen to promote the perception and footprint of the business within the community and environment. As part of the Business Transformation Strategy, the rebranding of the Company along with the setting of a new set of values and vision for the Company demonstrates this very well. Environmentally the Company has pursued a green initiative to switch to greener fuel sources through the installation of solar panels at some facilities as well as reducing packaging and waste through the Company's food and beverage facilities and outlets.

(e) the desirability of the Company maintaining a reputation for high standards of business conduct, and

High standards and reputation are monitored and upheld through the performance management of the Company through the Corporate Scorecard that uses metrics and nationally benchmarks standards. As part of our Transformation Strategy, we are preparing our centres to be accredited by Quest in order to demonstrate the very high standards being delivered and achieved at our locations.

(f) the need to act fairly between members of the Company.

The Company rigorously follows our policies regarding the treatment of our colleagues and we ensure that all engagement is done in a non-biased and fair manner ensuring not to discriminate against anyone no matter their ethnic background, religion, gender, social background or ability. We engage closely and regularly with our Unions GMB and Unison to help us shape and develop our Company policies.

### **Management**

Active Northumberland's administration base resides within the Concordia Leisure Centre which is the registered office. Active Northumberland is managed by a Chief Executive who reports to the Board of Trustees. Mark Warnes was appointed as Interim Chief Executive and commenced duties on 18 February 2020.

During the year the need for an experienced Executive Leadership Team responsible for the delivery of leisure services across the Company was recognised by the Board and therefore an additional appointment is currently being recruited in the form of a Financial Director in order to strengthen this team. The Board and Interim Chief Executive, together with the Executive Leadership Team are responsible for the strategic direction of the Company.

The Executive Management are responsible for the day-to-day operation and development of the business and follow the annual financial business plan and Transformation Strategy as set out in agreement with the Board.

The Board is responsible for setting the pay and remuneration of key leadership personnel.

## Trustees' Annual Report for the year ended 31 March 2021

Significant management progress has been made in that:

- A Partnership Agreement which includes a three-year management fee reduction commitment which assumes the maintenance of services and the absorption of cost inflation is in place. The Partnership Agreement ends on 31 March 2022 and will be due for renewal. Negotiations around the renewal are ongoing with the Council and are forming part of an overall Lesiure Review of all Council Leisure Services.
- The three-year Company strategy (Transformation Strategy) that was launched in May 2019 continued to be rolled out and the new Active Northumberland brand has been successfully implanted across much of the estate, along with the new Food and Beverage brand Hive which has also been used to rename our 2 Ten Pin Bowling buisnesses at Concordia and Wentworth, and are now Hive Bowling.
- A new Strategic Outcomes Framework was produced in July 2019 to be further developed with partners involving cross cutting health, social care, education, and employment outcomes. This is still in progress.
- A comprehensive action plan was produced and completed addressing the challenges and issues raised in the Active Northumberland employee survey undertaken in 2017 and 2019. The results of the 2019 survey were significantly better than 2017 and therefore the survey has been conducted annually to ensure that we are able to continue to compare year on year performance. Due to the COVID-19 pandemic, 2020's survey was delayed in order to ensure that sufficient staff had returned to the business so that data could be captured in order to make a suitable comparison. A decision was taken in January to use a nationally recognised company to survey our staff in order that we can obtain national benchmarking. We have selected the partner Great Places To Work and the survey will be sent to colleagues during November 2021, with a view to receiving results before the end of the year.

Our new Internal Auditor TIAA conducted their first phase of their 3-year audit plan. Business Planning, Business Transformation, Creditor Payments, Cyber Security, Income Collection and Safeguarding audits were all undertaken, and the results were all extremely positive with only very few minor recommendations being put forward for action.

Service level agreements for the supply of the following services are in place with Northumberland County Council:

- Shared Services Procurement Team
- Communications
- Health and Safety
- Information Services
- Human Resources and Organisational Development
- Corporate Financial Services
- Energy

## Trustees' Annual Report for the year ended 31 March 2021

- Reactive Repairs and Planned Maintenance
- Statutory Maintenance, Testing and Inspection

### Staffing

Active Northumberland employs circa 787 people, located across Northumberland. Due to the nature of the business a number of employees are employed on a seasonal/casual basis. The number of positions has reduced significantly during the financial year as a result of many casual staff members leaving due to the closure of our centres during the forced closures due to COVID-19. As a result of the staff survey feedback and as a direct result of COVID-19, our employee communications have significantly improved, utilising a wide range of methodologies to keep staff informed about the Transformational Strategy, highlighting the challenges facing the Company in the immediate and long term, expected return to work dates, and directional information to health and mental welfare assistance.

The overall business review programme has delivered a positive impact on employees and Company performance. The review programme is ongoing with regards to policy and practice rationalisation, including the review and replacement of Human Resource Policies in partnership with Trade Unions and further development and streamlining of central support services.

Continual improvement and change are being supported by a programme of leadership development and high-quality professional development opportunities for employees aligned to the objectives of the new Transformation Strategy.

Following government guidance with respect to the COVID-19 pandemic, all facilities managed by Active Northumberland were closed to the public on 20 March 2020, with all but essential staff asked to remain at home. Further closures were also experienced during November 2020 and from January until mid-July 2021.

The forced closures had a serious and catastrophic impact on the business's ability to generate revenue, and therefore Senior Management and the Board were forced to take the difficult decision to place the majority of the Active Northumberland workforce on furlough during the closure periods. 40 staff were initially retained so that operation of the business could continue at a minimal level during this period and this number also included positions which were publicly funded and are not eligible for furlough. All employees who were on furlough were paid in line with the Government's Coronavirus Job Retention scheme. Northumberland County Council supported Active Northumberland colleagues during the first 3 months of the furlough period by contributing the extra 20% of salary by way of a top up to each member of staff's salary that were on furlough.

During the furlough period staff members were kept up to date with the latest information around their work, their personal wellbeing and voluntary work options by email, telephone, a dedicated staff website page, by letter as well as General Managers holding virtual coffee mornings.

## Trustees' Annual Report for the year ended 31 March 2021

### Suppliers

The Company works with many suppliers across many different areas of operation including goods and services. Supply chains are reviewed periodically in line with the terms of our engagement with our suppliers and any service level agreements that we have in place. In the event that there is a requirement to review or change any of our suppliers then we go through a thorough tendering process. Where it involves a significant purchase of goods or services, we use the procured services of Northumberland County Council's Procurement Team to conduct the tendering process. The Board holds a strong desire to give local businesses every opportunity to tender for the procurement of all our required goods and services, and these are always evaluated in line with the transparent and robust procurement tendering process. The Board appreciates the importance of fostering supplier relationships to ensure that there is quality and consistency of goods and services to the business, and any changes to significant suppliers would be in agreement with the Trustees. During the initial forced closure, we took the opportunity to rationalise our food and beverage supply chain. The result of this review and tender was that we reduced our supply chain down to two main suppliers, one which focused on our food purchases and another that solely focused on our wet spend.

### Impact of COVID-19

Our business was significantly impacted in the four weeks leading up to our financial year end 2019-20. On 20 March 2020, the government issued guidance to close all leisure facilities with immediate effect. The subsequent closure meant that as of that date the business ceased to be able to generate revenue from our normal business activity and there was no clarity issued as to the length of time the business would be in a period of forced closure.

The immediate closure resulted in the business taking the very difficult decision to place a vast proportion of our contracted, casual, and seasonal staff on the Government Job Retention Scheme as of 1 April 2020. We did however retain the services of a selected number of employees to fulfill important roles that would enable the business to function in a dormant state, and for it to be able to continue maintaining critical services for the following crucial areas:

- Property maintenance
- Plant and swimming pool maintenance
- Staff and customer communications/PR
- Office administration support
- Animal welfare at The Pegasus Riding School
- School PE provision
- GP referral service

## Trustees' Annual Report for the year ended 31 March 2021

By reducing the number of employees remaining on payroll we managed to successfully reduce our financial exposure and meant that our existing cash reserves would not be depleted so quickly and would place the business in a stronger short and mid-term cash position. Our continued communication with colleagues provided up to date information as we knew it to ensure that they were as informed as much as possible and to ensure that we signposted them to support services and management if required.

During closures, those colleagues that continued to work were mainly home working and meetings were held regularly via virtual platforms.

Once the business was able to re-open services it was clear that we needed to review and reduce the number of casual and seasonal staff on our payroll in order to better match service to customer demand and subsequent enforced service restrictions. For those services that were not able to be resumed, staff remained on furlough to further protect our cash reserves and roles for as long as possible.

Upon realising that our enforced closure was going to be prolonged we immediately looked at all areas where we could reduce operating costs. These included:

- Reduced staff numbers to cover essential activity
- Furlough of all other colleagues
- Switching off all non-essential services to reduce utility costs
- Claiming business rate relief
- Pool temperature reductions
- Refund claim for unused draft beers from our bar outlets
- Tendering process commenced to look at how we might reduce costs on consumables
- Looked to bring forward planned remedial work at centres to avoid later closures when we could have been opened
- Application made to the National Leisure Recovery Fund for support funding (£0.75 million)

Fortunately, the grant funded elements of our provision have continued to be paid and no requests have been made by funders given the unforeseen circumstances.

As soon as we knew that the closure was going to be sustained, we entered discussions with Northumberland County Council. These discussions have been entered into, in the spirit of full and open partnership. The Council responded by financially supporting Active Northumberland to assist our employees by paying the salary top up to 100% while on the Government Job Retention Scheme. This offer was made to run until 30 June 2020.

Further discussions continued between Active Northumberland and the Council and an open book process has been in operation to ensure that they are fully aware of the continuing levels of revenue support that were and will be required to ensure liquidity of the business as we continue through this pandemic.

## Trustees' Annual Report for the year ended 31 March 2021

A full NCC leisure services review is being undertaken to ascertain which operator / service should operate all of their individual facilities and whether some services should continue, and this review is anticipated to be complete by January 2022. The pandemic has caused a serious level of disruption during the financial year of reporting, and we expect revenue challenges to continue throughout 2021-22 as some restrictions have remained in place and continue to affect our ability to generate revenue.

Revenue streams have been dramatically affected by the pandemic and these are continually reviewed in line with the Council's finance team as part of our open book process and in line with our service agreement.

We do not currently envisage any disruption to our supply chains going forwards, and we are in continual communication with our current suppliers surrounding ongoing collaboration and continued levels of service.

### Financial Matters and Funding Streams

In addition to income generated specifically from service provision and delivery, Active Northumberland receives funding from:

- Northumberland County Council management fee.
- Donations – Prior to 2019-20 Advance Northumberland gave a charitable donation of up to £1.00 million to Active Northumberland however this arrangement has now ended. Due to the cessation of the arrangement it was agreed at the meeting of the County Council on 19 February 2020 that the Council would increase the management fee in 2019-20 and the subsequent two years by up to £1.00 million.
- Sport England (grant funding for specific projects).
- Town and Parish Councils (grant funding for specific projects).
- During the pandemic we successfully applied for all applicable Business Rate Grants in line with the government support for businesses package.
- Active Northumberland also successfully secured £0.75 million from the National Leisure Recovery Fund. The funds have been allocated between 2020-21 and 2021-22 in line with the funding guidance.
- The Council has provided a letter of support to Active Northumberland to ensure continued liquidity and to safeguard Active Northumberland's cash reserve. This letter of support runs through 2020-21 and 2021-22.

## Trustees' Annual Report for the year ended 31 March 2021

### Public Benefit

The charitable Company is a public benefit entity. When considering its proposed plans of activity, the Trustees have considered the Charity Commission's guidance on public benefit, and fee charging.

Improvements introduced to benefit customers and to improve their experience are summarised as follows:

- New look rebranded website has been successfully launched with further developments planned.
- Faster online joining experience for members, reducing time from 11 minutes to 3 minutes.
- Introduction of a new customer revenue management solution to reduce debt.
- Introduction of paperless customer information via the Active Northumberland App and online.
- New corporate membership offers for public service employees.
- New armed forces membership offers, and Bronze Covenant status achieved.

### Operational Activity

#### Our People

Active Northumberland operates from nine main leisure centres (some of which combine library services), plus three school sports facilities and several community facilities, including Hirst Welfare and Pegasus Riding Centre. Significant progress has been made with regards to the development of products and services, summarised as follows:

- An independent evaluation of the Exercise on Referral Service has been completed to inform developments that will improve performance and deliver sustainability. A new pricing model and weight management element has been implemented as a result of the review.
- The management of the Sports Development Service had transferred from Northumberland County Council to Active Northumberland but due to COVID-19 has reverted back to Northumberland County Council for the time being.
- The new improved aquatics and sports/gym accessory retail offer has been introduced across the estate and now that we have moved to more normal levels of footfall, we have seen sales flourish, although due to supply issues our performance has been somewhat restricted.
- A strategic review has been undertaken for our catering provision and our vending supplier has been sourced with the brief of offering nutritious and healthy options.
- Our PE and school sport programme has continued to operate throughout the pandemic and has been instrumental in supporting many of our partner schools during the pandemic.

## Trustees' Annual Report for the year ended 31 March 2021

- Our bespoke physical activity scheme to engage mums (“Mams on the Move”) has continued when it has been possible around the restrictions and has continued to increase participation and to help reduce the risk of postnatal depression. This has been very successful, and we see this being a continued and successful wider activity going forwards.
- A Companywide rollout of the Hive brand has been implemented across most of the café sites and a rebrand of the two ten pin bowling centres at Hexham and Cramlington have been rebranded as Hive Bowling as a replacement to Strike Bowl.
- A strategic review of the Group exercise programme has been undertaken and the consistent introduction of Les Mills across facilities has been completed.
- We have implemented a new automated holiday booking portal (Oracle) for staff members to log their annual leave. This now makes reviewing and authorising annual leave much easier and provides management with full reporting and provides clear visibility of annual leave consumption.
- A new Training Portal (Future Fit) is now in place for all colleagues to register and undertake training and record CPD. This now provides an easy central point for colleagues to record their records and provides management with invaluable data reporting.
- Our values and vision ensure that we offer equal opportunity to colleagues and customers no matter their social background, ethnicity, religious beliefs, or ability.
- At Active Northumberland we put the needs of all our customers first and are committed to providing a responsive, accessible, and professional service that seeks to improve at every opportunity (customer service statement). Our service proposition is to “provide great experiences in great places for everyone”.
- One of our published values is that we are an inclusive trust “Our commitment to inclusion means we understand and respect differences, we collaborate as a team and we break down barriers to enable people who are socially excluded, disadvantaged, isolated and vulnerable to participate and achieve their goals”.
- Active Northumberland is an equal opportunities employer, regardless of protected characteristics. Recruitment is managed by Northumberland County Council, and the Council has been awarded “disability confident” accreditation, as a demonstration of both Active Northumberland’s and Northumberland County Council’s commitment to not treat disabled people less favorably. Should applicants request consideration under the guaranteed interview scheme. Applicants with a disability are guaranteed an interview, provided that they meet the essential criteria outlined in the person specification.

## Trustees' Annual Report for the year ended 31 March 2021

### Our Facilities

The majority of our facilities are owned by Northumberland County Council and are leased to Active Northumberland to deliver services. Progress relating specifically to facilities can be summarised as follows:

- New pool plant was installed at Concordia, Blyth, Prudhoe Waterworld, Willowbum and Rothbury leisure centres.
- Groundworks commenced in January 2020 for the new leisure facility in Berwick but was put on hold for three months due to the COVID-19 pandemic. The construction is still behind schedule due to the ongoing COVID-19 impact, but the main part of the project is due to be handed over to us at the end of November 2021, which will provide a new main swimming pool, studio pool, splash zone, fitness studios, gym, spa, spin studio, indoor bowling green, and café. A brand new 3G sports pitch has been handed over to us during April 2021 and is already a huge success. The last phase of an enlarged car park and main sports hall is due for completion in 2022.
- An additional one-year lease was granted by the landowner for Pegasus Riding Centre, securing the home of the Riding for the Disabled Association (RDA) until May 2022.
- Northumberland County Council announced a £1.50 million community refurbishment scheme for Newbiggin Sports and Community Centre. Planning has now been passed for the project and work commenced during November 2021 with a 9 month planned construction time. The refurbishment will include a new roof and remarking of the floor to the main sports hall, refurbished and enlarged gym area, new spin studio, new dry change facilities, relocation of the library and general redecoration. Northumberland Communities Together are to operate part of the building which will include the bar and community hall.
- Accident reporting and monitoring was moved across to a national database, Stitch, which has allowed for national benchmarking of accidents and causes.
- A restructure of the Senior Leadership team in August 2021 has reduced the Area Managers from 7 to 4, and we have created specific roles as a resource to allow a manager to focus on Quality Management across the Estate, and to specifically focus on Wellness and Membership retention. A programme of audits and improvement plans have already been identified to ensure a consistent and safe approach is established across the Estate.
- As part of a wider management restructure, we have reduced the number of Swim Coordinators from 7 to 4, and Fitness Managers from 7 to 4, in order to create focused full time roles that can take ownership and drive customer delivery. Our Administration Managers have also been reduced from 9 to 4 through process efficiency and now form part of an overall regional management structure along with the swim coordinators, fitness managers and General Managers.
- Environmental measures included reduction of plastic waste through removing disposable blue shoe covers to access pool changing rooms and the introduction of reusable takeaway cups in the cafes.

## Trustees' Annual Report for the year ended 31 March 2021

- We are continuing to improve access and services at our facilities for disabled customers and staff, with the installation of new pool equipment as well as planned construction of new changing places at Newbiggin, Berwick, Ponteland, Blyth and Morpeth. We have also invested in specific Octane gym equipment at Wentworth and further investment is already planned at all our new centres under construction. As part of our new build and refurbishment programme we are working directly with an Access and Inclusion Consultant to take all possible design applications into consideration.
- Construction of the new £21.00 million leisure centre in Morpeth commenced in January 2021 and is due for completion in 2023.
- Extensive work to the studio pool has been flagged at both Rothbury and Wentworth leisure centres. Rothbury's swimming pool will be closed for several months due to the nature and scale of the work required (£0.10 million), and Wentworth's studio pool was completed in August 2021.
- The brand new Ponteland Leisure Centre was opened at the end of November 2020, but due to COVID-19 was closed almost as soon as it opened. The centre reopened on 12 April 2021 and provides an array of brand-new activities and facilities including climbing walls, soft play area, spa, spinning studio, gym, café, and sports bar.

### Our Partners

Active Northumberland primarily serves the residents of Northumberland and in doing so recognises the need to work collaboratively with like-minded partners to take advantage of the vast opportunities available to deliver shared and overlapping objectives. Active Northumberland's endeavors to maximise partnership working has led to the following progress:

- A pioneering research and development project is planned with Technogym, and Westfield Health to radically improve customer experience and outcomes, moving from a fitness focus to a holistic wellness focus.
- A research and evaluation partnership for specialist Exercise on Referral services is in place with Edinburgh Napier University.
- The inclusive County School Games has been successfully supported virtually due to the COVID-19 pandemic. This was delivered by way of physical activity as opposed to a traditional competition format engaging young people through participation, and leadership opportunities.
- Continued proactivity towards supporting national industry developments which have furthered learning and raised the profile of Active Northumberland with Community Leisure UK, UKactive, Chartered Institute of Management of Sport and Physical Activity, Swim England, and Swim Scotland.

## Trustees' Annual Report for the year ended 31 March 2021

- An audit of the aquatic development programme was undertaken, in conjunction with the Institute of Swimming and Swim England, to provide the information to make changes to the swimming development programme. This was part implemented during 2020 but will be reviewed and reimplemented during 2021 once we are able to return to normal operating.

### Risk Management

A revised and improved risk register is in place and is managed by the Head of Operations and Services with oversight from the Chief Executive and the Board. The scoring methodology has substantially changed since 2017-18, and a number of key risks have been successfully closed. The Board receives regular reports for consideration and take action as required.

Key strategic risks going forward are summarised as follows:

- Failure to be able to facilitate numbers of customers due to possible social distancing restrictions following the COVID-19 pandemic.
- Failure to generate sufficient revenue as a result of the forced closures, and ability to remain liquid.
- Failure to maintain viability with a reducing management fee and operate within an increasingly competitive and challenging commercial trading environment.
- Failure to develop and retain the capability within the workforce to deliver the strategic objectives identified within the Transformation Strategy.
- Failure to position the Company as a credible provider of an increased range of specialist services within the health, social care, and education commissioning marketplace.
- Failure to maintain a responsive and dynamic range of central support services that can assist transformational developments and change at pace.

### Financial Risk Management Objectives and Policies

The financial instruments used by the Group are cash and banking facilities and these provide finance for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The Trustees review and agree policies for managing these risks, which are as follows:

#### Credit Risk

The Group's principal financial assets are cash and debtors. All cash deposits at the balance sheet date were held in the UK. Reputable financial institutions are used in the placement of cash deposits, to reduce the overall credit risk to the Group. In addition, the Group reviews the debtor position regularly. The Group considers the risk of significant bad debts to be low; however, this will need to be reviewed regularly as a result of the COVID-19 pandemic and subsequent economic uncertainty.

## Trustees' Annual Report for the year ended 31 March 2021

### Liquidity Risk

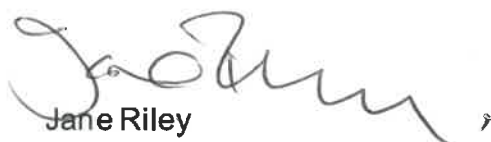
The closure of all Active Northumberland's facilities on 20 March 2020 resulted in a complete cessation of all revenue streams for the business with no sign of when business restrictions would be lifted. The Company's current cash reserves ensure liquidity for 4-5 weeks, although we have been provided with a letter of support from Northumberland County Council to ensure that we can continue to be a liquid Company and to sustain our cash reserve at £1.328 million.

As soon as we knew that the closure was going to be sustained and not a brief closure, we entered discussions with Northumberland County Council to discuss our current circumstances. Discussions continue to take place between Active Northumberland and the Council, and an open book process has been in operation in order that they are fully aware of the continuing levels of revenue support that will be required to ensure liquidity of the business.

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Certain information required to be disclosed in the Trustees' Report, including principal risk and uncertainties by regulations made under section 416(4) CA 2006 to be disclosed in the Trustees' report, are covered in the Strategic Report as the Trustees consider that these are of strategic importance.

Approved by the Board and signed on its behalf by:



Jane Riley

Vice Chair

Date:

8/12/21

# Trustees' Annual Report for the year ended 31 March 2021

## STRATEGIC REPORT

### Financial Review

#### Financial Performance

The overall result for the Charity, and its trading Company, for the financial year was a loss of £570,092 (2019-20: £719,006 loss) before actuarial losses/gains on the defined benefit pension scheme.

The loss of £570,092 relates to a net expenditure of £609,000 relating to pension charges; and a net income of £38,908 against restricted funds which is due to the transfer of reserves relating to school games services and the inactivity project.

#### Reserves Policy

The reserves policy is to meet the needs of the organisation and agree a suitable level of reserves to meet any reasonable contingency that may arise. Currently the Board is agreed that a reserve of 10% turnover or three months staffing costs (£1.50 - £2.00 million) is appropriate as long as the Partnership Agreement with Northumberland County Council remains in place.

As at 31 March 2021 reserves consist of unrestricted general funds of £1,327,548 (2019-20: £1,327,548), designated funds of £6,534,000 deficit (2019-20: £4,072,000 deficit) and restricted reserves of £192,848 (2019-20: £153,940).

#### Investment Policy

Under the Memorandum and Articles of Association, the Charity has the power to make any investment that the Trustees see fit. The Charity is now utilising the financial information system and therefore the bank account of Northumberland County Council for all payments and receipts.

#### Principal Funding Sources

- Northumberland County Council management fee
- Sport England (grant funding for specific projects)
- Town and Parish Councils (grant funding for specific projects)

#### Going Concern

The Active Northumberland Board agreed a negative budget for the financial year due to the uncertainty caused around the forced closures as a result of the COVID-19 pandemic and our obvious loss of all revenue. In previous years Advance Northumberland gave a charitable donation of up to £1.00 million to Active Northumberland however this arrangement has now ended. Due to the cessation of the arrangement it was agreed at the meeting of the County Council on 19 February 2020 that the Council would increase the management fee in 2019-20 and the subsequent two years by up to £1.00 million.

## Trustees' Annual Report for the year ended 31 March 2021

Discussions continue to take place between Active Northumberland and the Council, and an open book process has been in operation since the very beginning of the pandemic in order that they are fully aware of the continuing levels of revenue support that will be required to ensure liquidity of the business. In February 2021 the Council confirmed it would provide significant additional financial support during the 2020-21 financial year to enable Active Northumberland to deliver financial balance and to maintain its current level of reserves. During 2021-22 the Council expects to be able to access additional national funding on behalf of Active Northumberland.

Reports on Financial Performance for 2020-21 have been produced on a monthly basis from August 2020. The reports are agreed with the Executive Team and are reported to the Finance and Audit Committee and the Active Northumberland Board. Work has been ongoing throughout the year to model budgets based on estimated lockdown restrictions and occupancy levels. Following the Government's "road-map" announcement on 22 February 2021 more detailed budget planning has commenced based on the stepped phases of this plan. The Charity's unrestricted reserves are £1.328 million.

### Funds in Deficit

All employers with final salary pension schemes must include the financial position of the pension fund in their own accounts, in accordance with FRS 102. At 31 March 2021 the Charity's share of the Tyne and Wear Pension Fund deficit was £6,534,000 which is shown in the balance sheet as a liability (31 March 2020: £4,072,000).

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a LGPS admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

Due to changes in pension legislation, and the long-term uncertainty about pension scheme costs, Active Northumberland undertook a rigorous evaluation process and joined the SPORTA pension scheme, Friends Life, and this provider is now the vehicle for "auto-enrolment" for employees.

### Funds Held as Custodian Trustee on Behalf of Others

Active Northumberland holds cash funds on behalf of Blyth Valley Trust for Youth, a registered Charity (number 514145) with objectives of the advancement of education and wellbeing of young people from the borough of Blyth Valley. Details of the amounts at the year-end can be found in note 28.

## Trustees' Annual Report for the year ended 31 March 2021

### FUTURE PLANS INCLUDING RISKS AND UNCERTAINTIES

Working with Northumberland County Council and our partners we will be very busy in the year ahead, future plans are summarised as follows:

- Further develop the look and feel of our website and App based upon customer feedback and introduce an industry leading customer journey and reception experience across the estate.
- Full opening of our innovative new leisure centre in Ponteland, giving us additional revenue earning potential over the current facility which will be demolished during phase two of the transformation project of the new school and leisure facility.
- Develop a bespoke corporate wellness service offer using the learning achieved from the EXOS, Westfield Health, Technogym and Sheffield Hallam University test and learn project.
- Continue to develop our Exercise on Referral Scheme including the introduction of a weight management component with our Public Health Team partners, Momenta and Edinburgh Napier University.
- Continue to develop our new catering and vending brand that seamlessly aligns with our vision to provide great places to relax, work and socialise with high quality nutritional options and solutions for our customers.
- Introduce a Quality Management Framework to drive the successful achievement of Quest accreditation at our larger facilities.
- Re-introduce our aquatics programme consistently at all facilities and deliver a bespoke recruitment and development programme for swimming teachers with our partners the Institute of Swimming.
- Continue to develop our Group exercise programme making Les Mills a core feature at all our facilities.
- Develop and roll out our new outdoor Bootcamp product across the portfolio to promote vigorous and healthy outdoor physical exercise.
- Further develop community volunteering to grow and sustain activities to combat postnatal depression with our partners Sport England and the University of Northumbria.
- Continue with the second phase of our Leadership Continuing Professional Development programme with a long-term commitment to developing leadership, qualifications, and skills.
- Produce our Workforce Development Plan to fundamentally transform our workforce from a fitness focus to wellness focus with our partners Future Fit.
- Introduce a leading-edge PE and school sport Continuing Professional Development programme for teachers with our partner schools to drive the consistent offer of high-quality PE and school sport countywide.

## Trustees' Annual Report for the year ended 31 March 2021

- Acknowledge and celebrate our employee achievements culminating in an awards evening at an external venue.
- Complete the transformation of our head office space at Concordia Leisure Centre that will occupy the former Cramlington library space.
- Complete the design and planning phases for Berwick, Morpeth, Newbiggin, and Blyth Sport and Leisure Centres with our partners Advance Northumberland, GT3 and JDDK architects.
- Complete energy efficiency audits and produce a new progressive energy efficiency and recycling plan to reduce our carbon footprint.
- Develop and roll out revised Company Goals and Vision to the workforce through marketing campaigns and road shows.

### Investment in Leisure Facilities

Northumberland County Council has invested significantly in sport and leisure provision across Northumberland and continues to provide investment in leisure facilities through business plans being submitted and agreed with Active Northumberland. This has resulted in £0.70 million to refurbish the gym and reception area at Wentworth (Hexham) which was completed in September 2019, coupled with the relocation of Northumberland Adult Learning into four new refurbished classrooms. Further major investments involve rebuilding state of the art leisure facilities in Ponteland, Berwick and Morpeth, and the refurbishment/redevelopment of Blyth Sports Centre. A new project has commenced which will see an investment of £1.50 million to refurbish the Newbiggin Community Centre. Combined committed capital investment is circa £65.00 million. In addition, Northumberland County Council has invested in a planned programme of major repairs and backlog maintenance work which is appropriately scheduled on an annual basis.

### Workforce Requirements

The workforce will continue to be kept under review to ensure the Company has the capability to deliver the strategic objectives identified in the Transformation Strategy, whilst maintaining an efficient employee cost base. Effective recruitment and training will ensure that the Company continues to provide equal opportunities in employment and that the workforce continue to have the relevant skills and abilities for the organisation's current and future needs.

To support this, a leadership development programme has been designed and was rolled out from June 2019, and the Workforce Development Plan will be enhanced to include a progressive range of new industry leading professional development opportunities.

The Board recognise that faced with the challenge of transforming services in an increasingly competitive trading environment with a reducing management fee, the Company must develop and retain the expertise and skills necessary to deliver investment and growth, and most importantly to ensure that the Company remains true to its charitable objects.

**Trustees' Annual Report for the year ended 31 March 2021**

Approved by the Board and signed on its behalf by:

Jane Riley 

Vice Chair

Date: 31/3/21

## Trustees' Annual Report for the year ended 31 March 2021

### Trustees Responsibility Statement

The Trustees (who are also Directors of Active Northumberland for the purposes of Company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Charity and Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Company (and the Group) and of the incoming resources and application of resources, including the income and expenditure, of the charitable Company and Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities SORP.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed; and,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charitable Company and the Group will continue in business.

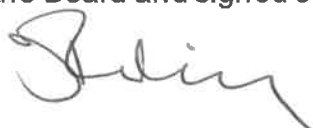
The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable Company (and the Group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable Company and Group's auditor is unaware; and,
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Approved by the Board and signed on its behalf by:

Jane Riley



Vice Chair

Date:

8/12/21

# Independent Auditor's Report to the Members of Active Northumberland

## Independent auditor's report to the trustees of Active Northumberland Limited

### Opinion

We have audited the financial statements of Active Northumberland Limited (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Balance Sheet ('parent charity' and 'group'), the Statement of Cash Flows 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2021 and of the group's 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 Companies Act 2006.

### 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 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.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Active Northumberland Limited's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and Financial Statements 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

## **Independent Auditor's Report to the Members of Active Northumberland**

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.

### **Opinions on 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' Report, which includes the Strategic Report and the Trustees' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Trustees' Report included within the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the Trustees' Responsibility Statement set out on page 22, the trustees (who are also the trustees of the parent charity 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 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 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 company or to cease operations, or have no realistic alternative but to do so.

## Independent Auditor's Report to the Members of Active Northumberland

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

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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to a number of Local Government Acts via Nexus the parent body, along with employment regulations, health and safety regulations, anti-bribery, corruption and fraud, money laundering and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

## Independent Auditor's Report to the Members of Active Northumberland

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

### Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

*Craig Maxwell*

Craig Maxwell (Dec 9, 2021 10:52 GMT)

Craig Maxwell (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Mazars LLP  
Bank Chambers  
26 Mosley Street  
Newcastle Upon Tyne  
NE1 1DF

09 December 2021

**Consolidated Statement of Financial Activities**  
(including Income and Expenditure Account)  
for the year ended 31 March 2021

	Note	Unrestricted Funds		Restricted Funds	Total
		General Funds	Designated Funds		
		£	£	£	£
<b>INCOME AND ENDOWMENTS FROM:</b>					
Donations and legacies	4	4,727,096	-	166,336	4,893,432
Other trading activities	5	510,712	-	-	510,712
Income from charitable activities: from leisure services		3,864,210	-	233,644	4,097,854
from management fee		2,460,380	-	-	2,460,380
Other income		15,282	-	-	15,282
<b>Total income and endowments</b>		<b>11,577,680</b>	<b>-</b>	<b>399,980</b>	<b>11,977,660</b>
<b>EXPENDITURE ON:</b>					
Raising funds	5	691,362	-	-	691,362
Charitable activities	6	10,862,000	609,000	360,209	11,831,209
Other expenditure	7	24,318	-	863	25,181
<b>Total expenditure</b>		<b>11,577,680</b>	<b>609,000</b>	<b>361,072</b>	<b>12,547,752</b>
					<b>16,558,245</b>
					2020

**Consolidated Statement of Financial Activities**  
(including Income and Expenditure Account)  
for the year ended 31 March 2021

	Note	Unrestricted Funds		Restricted Funds	Total 2021	Total 2020
		General Funds	Designated Funds			
		£	£			
Net income/(expenditure)		-	(609,000)	38,908	(570,092)	(719,006)
Transfers between funds	19	-	-	-	-	-
Net income/(expenditure) before other recognised gains and losses		-	(609,000)	38,908	(570,092)	(719,006)
<b>Other recognised gains/(losses)</b>						
Remeasurement of the net defined benefit pension liability	22	-	(1,853,000)	-	(1,853,000)	(441,000)
NET MOVEMENT IN FUNDS		-	(2,462,000)	38,908	(2,423,092)	(1,160,006)
<b>Reconciliation of funds</b>						
Total funds brought forward		1,327,548	(4,072,000)	153,940	(2,590,512)	(1,430,506)
Total funds carried forward		1,327,548	(6,534,000)	192,848	(5,013,604)	(2,590,512)

All gains and losses recognised in the year are included in the consolidated statement of financial activities. There are no material differences between the net income for the year and the historical cost equivalents.

## Balance Sheet

as at 31 March 2021

	Note	Group		Charity	
		2021 £	2020 £	2021 £	2020 £
<b>Fixed assets</b>					
Tangible fixed assets	11	196,229	240,827	196,229	240,827
Long term investment		-	-	1	1
<b>Current assets</b>					
Stock	13	49,006	59,037	37,556	21,767
Debtors	14	3,431,796	3,537,868	3,431,478	3,527,011
Cash at bank and in hand	25	26,720	31,010	24,870	28,510
		<b>3,507,522</b>	<b>3,627,915</b>	<b>3,493,904</b>	<b>3,577,288</b>
<b>Liabilities</b>					
Creditors: Amounts due within one year	15	(1,993,735)	(2,149,321)	(1,980,118)	(2,098,695)
Short term provision	16	-	-	-	-
Net current assets		<b>1,513,787</b>	<b>1,478,594</b>	<b>1,513,786</b>	<b>1,478,593</b>
Total assets less current liabilities		<b>1,710,016</b>	<b>1,719,421</b>	<b>1,710,016</b>	<b>1,719,421</b>
<b>Long term liabilities</b>					
Creditors: Amounts due in more than one year	17	(189,620)	(237,933)	(189,620)	(237,933)
Defined benefit pension liability	21,22	(6,534,000)	(4,072,000)	(6,534,000)	(4,072,000)
		<b>(6,723,620)</b>	<b>(4,309,933)</b>	<b>(6,723,620)</b>	<b>(4,309,933)</b>
NET LIABILITIES	20	<b>(5,013,604)</b>	<b>(2,590,512)</b>	<b>(5,013,604)</b>	<b>(2,590,512)</b>
<b>Funds of the Charity:</b>					
Unrestricted funds		1,327,548	1,327,548	1,327,548	1,327,548
Pension reserve		(6,534,000)	(4,072,000)	(6,534,000)	(4,072,000)
	18	<b>(5,206,452)</b>	<b>(2,744,452)</b>	<b>(5,206,452)</b>	<b>(2,744,452)</b>
Restricted funds					
Ring-fenced grants	19	192,848	153,940	192,848	153,940
		<b>192,848</b>	<b>153,940</b>	<b>192,848</b>	<b>153,940</b>
TOTAL FUNDS		<b>(5,013,604)</b>	<b>(2,590,512)</b>	<b>(5,013,604)</b>	<b>(2,590,512)</b>

Approved by the Board and signed on its behalf by:

Jane Riley



Vice Chair

Date:

8/12/21

Company Registration Number: 08484436

## Statement of Cash Flows

as at 31 March 2021

		Group		Charity	
	Note	2021	2020	2021	2020
		£	£	£	£
Cash flows from operating activities	23	<b>42,485</b>	29,899	<b>43,135</b>	30,434
Cash flows from investing activities:					
Interest received		-	-	-	-
Net cash provided by investing activities		-	-	-	-
Cash flows from financing activities:					
Repayment of borrowing		<b>(46,775)</b>	(45,259)	<b>(46,775)</b>	(45,259)
Net cash used by financing activities		<b>(46,775)</b>	(45,259)	<b>(46,775)</b>	(45,259)
Change in cash and cash equivalents in the reporting period	25	<b>(4,290)</b>	(15,360)	<b>(3,640)</b>	(14,825)
Cash and cash equivalents at the beginning of the reporting period		<b>31,010</b>	46,370	<b>28,510</b>	43,335
Cash and cash equivalents at the end of the reporting period	24	<b>26,720</b>	31,010	<b>24,870</b>	28,510

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 1. Accounting Policies

#### 1.1 Basis of Preparation of the Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2019)” 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 2019; and the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently in the current and prior year. Active Northumberland meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

##### *Going concern*

The Active Northumberland Board agreed a negative budget for the financial year due to the uncertainty caused around the forced closures as a result of the COVID-19 pandemic and our obvious loss of all revenue. In previous years Advance Northumberland gave a charitable donation of up to £1.00 million to Active Northumberland however this arrangement has now ended. Due to the cessation of the arrangement it was agreed at the meeting of the County Council on 19 February 2020 that the Council would increase the management fee in 2019-20 and the subsequent two years by up to £1.00 million.

Discussions continue to take place between Active Northumberland and the Council, and an open book process has been in operation since the very beginning of the pandemic in order that they are fully aware of the continuing levels of revenue support that will be required to ensure liquidity of the business. In February 2021 the Council confirmed it would provide significant additional financial support during the 2020-21 financial year which will enable Active Northumberland to deliver financial balance and to maintain its current level of reserves. During 2021-22 the Council expects to be able to access additional national funding on behalf of Active Northumberland.

Reports on Financial Performance for 2020-21 have been produced on a monthly basis from August 2020. The reports are agreed with the Executive Team and are reported to the Finance and Audit Committee and the Active Northumberland Board. Work has been ongoing throughout the year to model budgets based on estimated lockdown restrictions and occupancy levels. Following the Government’s “road-map” announcement on 22 February 2021 more detailed budget planning has commenced based on the stepped phases of this plan. The Charity’s unrestricted reserves are £1.328 million.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Pension obligations of £6.534 million shown in note 22 have been provided in the financial statements in accordance with FRS 102. The pension deficit does not directly affect the ability for Active Northumberland to continue trading and the liability is drawn up using actuarial assumptions. The exact value of the liability cannot be accurately quantified due to the uncertainty of future events. The pension liability does not fall due immediately as it relates to future events.

Given the explanation above, the Board is of the view that Active Northumberland is a going concern and able to meet its liabilities as they fall due.

### 1.2 Basis of Consolidation

These financial statements consolidate the results of the Charity and its wholly owned subsidiary Active Northumberland Trading Limited on a line-by-line basis for the year ended 31 March 2021. The charitable Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent charitable Company statement of financial activities. Active Northumberland Trading Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A. The results of the subsidiary are shown in note 5.

### 1.3 Income

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

### 1.4 Grants Receivable

Grants receivable are included in the statement of financial activities within the period to which they relate. If the grants are awarded in respect of particular projects, then all of the income and expenditure arising from the projects is shown as restricted activities.

Where grants related to performance and specific deliverables, they are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance, recognition is deferred and included in creditors; and, where entitlement arises before income is received the income is accrued.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 1.5 Expenditure

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are accounted for as goods and services are supplied. Resources expended are included on the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered. Expenditure is classified under the following activity headings:

- Raising funds are those costs incurred in the delivery of trading activities.
- Charitable activities include expenditure associated with the provision of leisure and health promotion activities. These include both direct and related costs. Expenditure on charitable activities includes direct costs of delivering grants and services, and support costs. These are the functions that assist the work of the Charity but do not directly undertake charitable activities, including management and back office costs. These costs are shown in more detail in note 6.
- Governance costs include expenditure incurred on complying with constitutional and statutory requirements.

### 1.6 Taxation

The parent Company is a registered Charity and has no liability for corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

### 1.7 Tangible Assets and Depreciation

Tangible fixed assets are carried at cost less depreciation and impairment. Depreciation is provided at rates calculated to write off the cost of the fixed assets over their expected useful lives on the following basis:

- Fixture, fittings, and equipment – 15 years.

### 1.8 Investments

Investments in subsidiary undertakings are held at cost less impairment.

### 1.9 Stock

Stock is valued at the lower of cost and net realisable value. No provision against obsolete or damaged stock is deemed necessary.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 1.10 Pension Costs

#### Defined Contribution Pension Plan

The Charity operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Charity pays fixed contributions into a separate entity. Once the contributions have been paid the Charity has no further payment obligations. The contributions are recognised as an expense in the consolidated statement of financial activities. The assets of the plan are held separately from the Charity in independently administered funds.

Teachers employed by the Charity have membership of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement. The scheme is a defined benefit final salary scheme. It is not possible for the Charity to identify its share of the underlying liabilities in the scheme and it is therefore classed as a defined contribution scheme for the purposes of the accounting requirements of FRS 102 and does not form part of the pension deficit.

#### Defined Benefit Pension Plan

The Charity operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Charity engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of the plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Charity's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains/(losses). These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as actuarial gain/(loss) on defined benefit pension schemes.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

- The increase in net pension benefit liability arising from employee service during the period; and,
- The cost of plan introductions, benefit changes, curtailments, and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of defined benefit obligation and the fair value of plan assets.

The Charity operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 March 2019.

The Charity is an admitted body of the Tyne and Wear Pension Fund (“LGPS”) and provides pension arrangements to its employees. The scheme is classified as a defined benefit scheme based on final pensionable pay and as such must comply with reporting standard FRS 102. This requires the Charity to disclose certain information concerning assets, liabilities, income, and expenditure related to the scheme for its employees. These disclosures have been prepared by AON Hewitt the actuary of the Tyne and Wear Pension Fund. The purpose of the pensions’ disclosure is to provide clear information on the impact of the Charity’s obligation to fund the retirement benefits of its staff on its financial position and performance. Even where this obligation is discharged through a pension fund, the Charity is responsible for employer’s contributions set at a level to ensure the liabilities of the fund can be met.

The liabilities of the pension scheme attributable to the Charity are included in the balance sheet on an actuarial basis using the projected unit method, that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees.

Assets have been valued at bid value in accordance with FRS 102. Refer to note 21 for further detail. The net pension liability is analysed into the following components:

### Current Service Costs

The increase in liabilities as a result of years of service earned this year is allocated to the consolidated statement of financial activities.

### Past Service Costs

The increase in liabilities arising from current year decisions that affect years of service earned in previous years.

### Interest Costs

The expected increase in the present value of liabilities during the year as they move one year closer to being paid.

### Expected Return on Assets

The annual investment return on the fund assets attributable to the Charity based on an average of the expected long-term return.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### Actuarial Gains and Losses

Changes in the net pension liability that arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.

### 1.11 Funds

Funds held by the Charity are either:

- Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- Restricted funds – these are funds that can only be used for a particular purpose as specified by the donor or when funds have been raised for a particular purpose.
- Designated funds – these are funds that the Trustees have set aside for a particular purpose.

### 1.12 Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Charity and Group only have financial assets and financial liabilities of a kind that qualifies as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments where applicable. 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 trade discounts due.

## 2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

The area of estimation uncertainty included in the financial statements are:

- At 31 March 2021, Active Northumberland had a net defined pension liability of £6.534 million. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets (as shown in the table below). A firm of consulting actuaries is engaged to provide the Charity with expert advice about the assumptions to be applied. The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 2.4% increase in the discount rate assumption would result in a decrease in the pension liability of £0.803 million. However, the assumptions interact in complex ways. During 2020-21, the Charity's actuary advised that the net pension liability for funded LGPS benefits had increased by £7.060 million due to changes in actuarial assumptions.

Impact on the defined benefit obligation in the scheme	Increase in assumption £	Increase in assumption %	Decrease in assumption £	Decrease in assumption %
Adjustment to discount rate (increase or decrease by 0.1%)	(803,000)	(2.4)	803,000	2.4
Adjustment to salary increase rate (increase or decrease by 0.1%)	100,000	0.3	(100,000)	(0.3)
Adjustment to pension increase rate (increase or decrease by 0.1%)	702,000	2.1	(702,000)	(2.1)
Adjustment to mortality age rating assumptions (increase or decrease in 1 year)	1,204,000	3.6	(1,171,000)	(3.5)

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 3. Financial Performance of the Charitable Company

The consolidated statement of financial activities includes the results of the Charity's wholly owned subsidiary which operates the catering facilities and merchandising sales at the leisure facilities.

The summary financial performance of the Charity alone is:

	2021 £	2020 £
Income	11,284,378	14,469,192
Gift aid from subsidiary Company	-	43
	<b>11,284,378</b>	<b>14,469,235</b>
Expenditure on charitable activities	(11,854,470)	(15,188,241)
Defined pension liability	(1,853,000)	(441,000)
<b>Net income/(expenditure)</b>	<b>(2,423,092)</b>	<b>(1,160,006)</b>

### 4. Donations and Legacies

	Unrestricted Funds £	Restricted Funds £	2021 £	2020 £
Business Rate Grants	419,947	-	419,947	-
Furlough Grant	4,081,649	-	4,081,649	-
Football Foundation	500	-	500	-
National Leisure Recovery Fund (NLFR)	225,000	-	225,000	-
Schools	-	96,550	96,550	95,738
Sport England	-	69,786	69,786	69,786
	<b>4,727,096</b>	<b>166,336</b>	<b>4,893,432</b>	<b>165,524</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 5. Other Trading Activities

	Other Activities £	Trading Activities £	2021 £	2020 £
Income	320,979	693,282	1,014,261	1,918,919
Expenditure	-	(693,282)	(693,282)	(1,370,004)
	320,979	-	320,979	548,915

Other activities primarily relate to income from hire of facilities and income from the GP Referral Scheme. The expenditure shown also includes the audit fee allocated to other trading activities of £1,920. Trading activities income also includes £503,549 of furlough grant income.

The charitable Company has a wholly owned subsidiary, Active Northumberland Trading Limited, incorporated in England and Wales (Company number 09243253) and pays all its profits to the charitable Company under the gift aid scheme. Active Northumberland Trading Limited operates the bar, catering and all other commercial trading operations with the leisure facilities managed by Active Northumberland. A summary of the Trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2021 £	2020 £
Turnover	693,282	1,370,047
Cost of sales and administrative expenses	(693,282)	(1,370,004)
Profit for the year	-	43
Amounts gift aided to Charity	-	(43)
	-	-
The assets and liabilities of the subsidiary were:		
Current assets	85,575	87,416
Current liabilities	(85,574)	(87,415)
	1	1

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 6. Analysis of Expenditure on Charitable Activities

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2021 £	2020 £
Bank charges	53,911	-	-	53,911	111,419
Conference, courses, hospitality, and promotions	26,874	-	6,981	33,855	105,557
Consultancy	140	-	-	140	39,830
Depreciation	44,598	-	-	44,598	44,598
Equipment	111,288	-	190	111,478	373,444
Holiday pay	253,282	-	(4,467)	248,815	(23,603)
Hired services	11,745	-	840	12,585	34,234
Insurance and sundry premium costs	18,990	-	-	18,990	20,500
IT & software	52,216	-	-	52,216	69,085
Legal & professional	902,255	-	8,166	910,421	1,047,282
Marketing	39,534	-	4,384	43,918	129,187
Postage, printing, stationery, and telephone	73,689	-	5,784	79,473	99,699
Rents	62,756	-	-	62,756	60,080
Repairs and maintenance	876,389	-	-	876,389	1,120,448
Staff costs	7,557,946	609,000	335,755	8,502,701	9,442,618
Sundry expenses	51,098	-	1,238	52,336	334,861
Utilities	815,328	-	-	815,328	1,683,435
VAT partial exemption	(90,039)	-	1,338	(88,701)	473,907
	<b>10,862,000</b>	<b>609,000</b>	<b>360,209</b>	<b>11,831,209</b>	<b>15,166,581</b>

Note: The figures in brackets represent a reduction in the provision for holiday pay and VAT rebates accrued at the year-end which are expected on utilities.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Included in the previous table are support costs of:

	2021 £	2020 £
Bank charges	42,340	78,065
Conference expenses	16,415	47,066
Insurance and sundry premium costs	974	974
Postage, printing, stationery, and telephone	35,220	24,824
Staff costs	440,546	727,446
Sundry expenses	427,200	647,748
VAT partial exemption	(6,086)	74,139
	<b>956,609</b>	<b>1,600,262</b>

### Service Level Agreements:

- Shared Services Procurement Team
- Communications
- Health and Safety
- Information Services
- Human Resources and Organisational Development
- Corporate Financial Services
- Energy
- Reactive Repairs and Planned Maintenance
- Statutory Maintenance, Testing and Inspection
- Audit and Strategic Risk

Service level agreement costs paid to Northumberland County Council:

	2021 £	2020 £
Northumberland County Council	715,646	722,998
	<b>715,646</b>	<b>722,998</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 7. Other Expenditure

	2021 £	2020 £
Audit fee	23,333	21,792
Trustee liability insurance	1,848	1,848
	25,181	23,640

This relates to the main audit fee of £19,500 and costs in relation to other audit services for £3,833.

The fee in relation to Mazars LLP audit of the 2020-21 Trustees' Annual Report and Financial Statements is £22,450 and was accrued in year, analysed between different elements; audit fee £19,500, teachers' pension return £950 and other services for £2,000. Costs in relation to other services were charged in year for £1,050 and there is a further difference of £167 which is the variance between the accrual raised at the end of 2019-20 and the actual charges received in 2020-21.

### 8. Analysis of Staff Costs, Trustee Remuneration and Expenses

Group	2021 No.	2020 No.
Number of Employees:		
Key management personnel	5	4
Generating funds	98	128
Charitable activities	684	888
	787	1,020

The total employee benefits of the key management personnel of the Charity were £356,245 (2019-20: £348,763).

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

Group	2021	2020
Remuneration comprised:	£	£
Apprenticeship levy	23,654	30,607
Holiday pay	248,815	(23,603)
Pension costs	320,263	505,774
Salaries & wages	7,730,499	8,512,575
Social security costs	423,172	482,894
Termination benefits	12,116	56,854
Travel and other staff costs	10,637	33,435
	<b>8,769,156</b>	<b>9,598,536</b>

The number of employees whose annual emoluments were more than £60,000:	2021	2020
£60,000 - £69,999	1	1
£120,000 - £129,999	1	-
£130,000 - £139,999**	-	1

\*\* This includes termination benefits

Termination Benefits	2021	2020
	£	£
Compensation / ex gratia	4,592	55,930
Redundancy	7,524	924
	<b>12,166</b>	<b>56,854</b>

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either:

- terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or,
- providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The Trustees were not paid and did not receive any other benefits from employment with the charitable Company or its subsidiary during the year (2019-20: nil). No Trustees were reimbursed for travel expenses in 2020-21 (2019-20: £311).

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 9. Net Income/Expenditure for the year

This is stated after charging:

	2021 £	2020 £
Depreciation	44,598	44,598
Audit fee & Trustee liability insurance	25,181	23,640

### 10. Corporation Tax

The charitable Company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 of the extent that these are applied to its charitable objects.

### 11. Tangible Fixed Assets

	Fixture, fittings & equipment £
<b>Cost:</b>	
At 1 April 2020	515,351
Additions	-
At 31 March 2021	515,351
<b>Depreciation:</b>	
At 1 April 2020	274,524
Charge for the year	44,598
At 31 March 2021	319,122
<b>Net book value:</b>	
At 31 March 2021	196,229
At 31 March 2020	240,827

### 12. Investments

The charitable Company has a wholly owned trading subsidiary Company, Active Northumberland Trading Limited, incorporated in England and Wales. The activities and results of the trading Company are summarised in note 5.

## Notes to the Consolidated Financial Statements

### for the year ended 31 March 2021

#### 13. Stock

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Leisure stock	49,006	59,037	37,556	21,767
	<b>49,006</b>	<b>59,037</b>	<b>37,556</b>	<b>21,767</b>

#### 14. Debtors

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	408,363	364,201	407,191	362,637
Other debtors	-	2,078,841	-	2,078,841
Prepayments and accrued income	3,074,061	1,139,084	3,073,724	1,129,664
Provision for bad debt	(50,628)	(44,258)	(49,437)	(44,131)
	<b>3,431,796</b>	<b>3,537,868</b>	<b>3,431,478</b>	<b>3,527,011</b>

#### 15. Creditors: Amounts due within one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade creditors	51,395	40,589	51,684	40,787
Amounts owed to subsidiary	-	-	71,958	36,790
Taxation & social security	121,564	509,598	121,564	509,598
Accrual/deferred income	1,351,644	1,421,974	1,299,934	1,342,185
Holiday pay accrual	354,001	105,186	319,847	97,361
Other loans	48,313	46,775	48,313	46,775
Other creditors	66,818	25,199	66,818	25,199
	<b>1,993,735</b>	<b>2,149,321</b>	<b>1,980,118</b>	<b>2,098,695</b>

Deferred income relates to facilities hire, fitness classes and course bookings paid for in advance of participation. A provision has been recognised in relation to a legal matter and the liability is included within the accrual/deferred income balance.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 16. Short Term Provision

#### Job Evaluation

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Opening balance	-	862,860	-	862,860
Utilised in year	-	(862,860)	-	(862,860)
Provided in year	-	-	-	-
Closing balance	-	-	-	-

The Job Evaluation provision has been fully utilised in 2019-20.

### 17. Creditors: Amounts due in more than one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Other loans	<b>189,620</b>	237,933	<b>189,620</b>	237,933
<b>Analysis of loans:</b>				
Not wholly repayable within five years	-	34,942	-	34,942
Wholly repayable within five years	<b>237,933</b>	249,766	<b>237,933</b>	249,766
	<b>237,933</b>	284,708	<b>237,933</b>	284,708
Included in current liabilities	<b>(48,313)</b>	(46,775)	<b>(48,313)</b>	(46,775)
	<b>189,620</b>	237,933	<b>189,620</b>	237,933

<b>Loan maturity analysis:</b>				
Due between one to two years	<b>49,903</b>	48,313	<b>49,903</b>	<b>48,313</b>
Due between three to five years	<b>139,717</b>	154,678	<b>139,717</b>	<b>154,678</b>
Due in more than five years	-	34,942	-	<b>34,942</b>
	<b>189,620</b>	237,933	<b>189,620</b>	<b>237,933</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 18. Unrestricted Funds

	1 April 2020	Incoming Resources	Resources Expended	Transfers	Gains/ Losses	31 March 2021
	£	£	£	£	£	£
<b>Unrestricted fund</b>						
General fund	1,327,548	11,577,680	(11,577,680)	-	-	1,327,548
<b>Designated fund</b>						
Pension reserve	(4,072,000)	-	(609,000)	-	(1,853,000)	(6,534,000)
	<b>(2,744,452)</b>	11,577,680	(12,186,680)	-	(1,853,000)	<b>(5,206,452)</b>

Description of fund	Description, nature, and purpose of fund
General fund	The 'free reserves' after allowing for all designated funds.
Designated funds	Pension reserve – relates to the FRS102 defined benefit pension liability, further details can be found in note 22.

### 19. Restricted Funds

	1 April 2020	Incoming Resources	Resources Expended	Transfers	31 March 2021
	£	£	£	£	£
School Games	7,582	328,449	(313,722)	-	22,309
Young at Heart	410	-	-	-	410
Inactivity Fund	22,598	71,531	(47,350)	-	46,779
Prudhoe Football Sporting Club - Renewals	30,850	-	-	-	30,850
Sporting Club Bedlington – Sinking Fund	62,500	-	-	-	62,500
Sporting Club Bedlington - Renewals	30,000	-	-	-	30,000
	<b>153,940</b>	399,980	(361,072)	-	<b>192,848</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### Transfers

There has been no transfers of funds.

Description of fund	Description, nature, and purpose of fund
School Games	Project funded by Sport England to organise school games. Promoting competitive sporting activities for younger people (South East and North Northumberland).
Young at Heart	Funds to support disabled people to access fitness activities at Prudhoe Waterworld.
Inactivity Fund	A project to engage women who are experiencing or are at risk of developing postnatal depression to participate in 30 minutes of activity each week.
Prudhoe Football Sporting Club - Renewals	A renewals fund for future reinvestment in facility redevelopment.
Sporting Club Bedlington – Sinking Fund	A fund for reinvestment into the 3G pitch.
Sporting Club Bedlington - Renewals	A renewals fund for future reinvestment in facility redevelopment.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 20. Analysis of Assets and Liabilities between Funds

	General £	Designated £	Restricted £	2021 £	2020 £
Fixed assets	196,229	-	-	196,229	240,827
Net current assets	1,320,939	-	192,848	1,513,787	1,478,594
Creditors due more than one year	(189,620)	-	-	(189,620)	(237,933)
Pension fund liability	-	(6,534,000)	-	(6,534,000)	(4,072,000)
	1,327,548	(6,534,000)	192,848	(5,013,604)	(2,590,512)

### 21. Pension Arrangements

#### Defined Contribution Scheme

The Charity operates a defined contribution scheme, which is offered to all new employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund. An amount of £68,586 (2019-20: £83,215) was paid into the scheme during the financial year.

In 2020-21 Active Northumberland also paid £46,336 (2019-20: £48,537) to the Teachers' Pensions Agency in respect of teachers' retirement benefits representing 23.68% of teachers' pensionable pay for the period 1 April 2020 to 31 March 2021. The pension rate increased from 16.48% to 23.68% in September 2019.

#### Defined Benefit Scheme

On 1 October 2014 when the management of the leisure facilities within Northumberland moved into Active Northumberland the Local Government Pension Scheme (LGPS) relating to these staff transferred into the charitable Company. The LGPS provides defined benefits, based on the member's final pensionable salary.

Due to changes in pension legislation, and the long-term uncertainty about pension scheme costs, Active Northumberland has closed the local government pension scheme to new members.

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a LGPS admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

In accordance with Section 28 of FRS 102 disclosure of certain information concerning assets, liabilities, income, and expenditure relating to pension schemes is required. The latest valuation was undertaken on 31 March 2019. The duration of liabilities is 24.2 years and revaluation is undertaken every 3 years. The duration of liabilities is the average period, expressed in the number of years, between the calculation date and the date on which the scheme benefit falls due. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for the purposes of FRS 102 were:

Key assumptions	2021	2020
Discount rate for liabilities	2.1%	2.3%
RPI inflation		-
CPI inflation	2.7%	1.9%
Pension increases	2.7%	1.9%
Pension accounts revaluation rate	2.7%	1.9%
Salary increases	4.2%	3.4%
Mortality rates		
- Males - Pensioner member aged 65 at accounting date	21.9	22.2
- Males - Active member aged 45 at accounting date	23.6	23.2
- Females - Pensioner member aged 65 at accounting date	25.1	24.6
- Females - Active member aged 45 at accounting date	26.9	26.0

Asset allocation	31 March 2021 %	31 March 2020 %
Equities	55.5	65.8
Property	7.9	4.0
Government bonds	2.2	16.4
Corporate bonds	19.8	7.7
Cash	4.0	0.8
Other	10.6	5.3
	100.0	100.0

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

<b>Reconciliation of funded status to balance sheet</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£m</b>	<b>£m</b>
Fair value of assets	<b>26.909</b>	21.250
Present value of funded defined benefit obligation	<b>(33.443)</b>	(25.322)
Liability recognised on the balance sheet	<b>(6.534)</b>	(4.072)

<b>Amounts recognised in consolidated statement of financial activities</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£m</b>	<b>£m</b>
Current service costs	<b>0.748</b>	0.799
Past service costs	-	-
Financing costs – net interest cost	<b>0.091</b>	0.074
Pension expense recognised in income and expenditure	<b>0.839</b>	0.873

<b>Amounts recognised in other comprehensive income</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£m</b>	<b>£m</b>
Asset gains/(losses) arising during the period	<b>5.207</b>	(6.668)
Liability gains/(losses) arising during the period	<b>(7.060)</b>	6.227
Total amount recognised in other comprehensive income	<b>(1.853)</b>	(0.441)

<b>Changes to the present value of defined benefit obligations</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£m</b>	<b>£m</b>
Opening defined benefit obligation	<b>25.322</b>	30.383
Current service cost	<b>0.748</b>	0.799
Interest expense on defined benefit obligation	<b>0.579</b>	0.755
Contributions by participants	<b>0.121</b>	0.136
Actuarial losses on liabilities	<b>7.060</b>	(6.227)
Net benefits paid out	<b>(0.387)</b>	(0.524)
Past service cost	-	-
Net increase/(decrease) in liabilities from disposals/acquisitions	-	-
Closing defined benefit obligation	<b>33.443</b>	25.322

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

<b>Changes to the fair value of assets</b>	<b>31 March 2021</b> £m	<b>31 March 2020</b> £m
Opening fair value of assets	21.250	27.203
Interest income on assets	0.488	0.681
Re-measurement gains/(losses) on assets	5.207	(6.668)
Contributions by the employer	0.230	0.422
Contributions by participants	0.121	0.136
Net benefits paid out	(0.387)	(0.524)
Net increase/(decrease) in assets from disposals/acquisitions	-	-
Closing fair value of assets	26.909	21.250

<b>Actual return on assets</b>	<b>31 March 2021</b> £m	<b>31 March 2020</b> £m
Interest income on assets	0.488	0.681
Gain/(loss) on assets	5.207	(6.668)
Actual return on assets	5.695	(5.987)

## 22. Pension – Movements in Reserves

	<b>31 March 2021</b> £	<b>31 March 2020</b> £
Current service cost	(748,000)	(799,000)
Past service cost	-	-
Net decrease in assets from disposal/acquisitions	-	-
Employer contributions & net pension	230,000	422,000
	(518,000)	(377,000)
Interest on liabilities	(91,000)	(74,000)
	(609,000)	(451,000)
Re-measurement gains/(losses) on assets	5,207,000	(6,668,000)
Net decrease in liabilities from disposal/acquisitions	-	-
Actuarial gains/(losses) on liabilities	(7,060,000)	6,227,000
	(1,853,000)	(441,000)
Opening position	(4,072,000)	(3,180,000)
Closing position	(6,534,000)	(4,072,000)

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 23. Cash flow from Operating Activities

	Group		Charity	
	31 March 2021 £	31 March 2020 £	31 March 2021 £	31 March 2020 £
Net movement in funds for the year before transfers and excluding interest	(570,092)	(719,006)	(570,092)	(719,006)
Adjustments for:				
Depreciation on tangible assets	44,598	44,598	44,598	44,598
Pension charges	609,000	451,000	609,000	451,000
(Increase)/decrease in debtors	99,702	743,373	90,227	754,357
Increase/(decrease) in creditors excluding loan	(157,124)	341,241	(120,115)	349,667
Increase/(decrease) in provisions	-	(862,860)	-	(862,860)
(Increase)/decrease in stock	10,031	16,108	(15,789)	(2,640)
Increase/(decrease) in bad debt	6,370	15,445	5,306	15,318
	<b>42,485</b>	<b>29,899</b>	<b>43,135</b>	<b>30,434</b>

Reconciliation of net debt - Group	1 April 2020 £	Cash-flows £	31 March 2021 £
Cash	20,000	(585)	19,415
Cash equivalent	11,010	(3,705)	7,305
		<b>(4,290)</b>	
Loans falling due within one year	(46,775)	(1,538)	(48,313)
Loans falling due after more than one year	(237,933)	48,313	(189,620)
	<b>(253,698)</b>	<b>42,485</b>	<b>(211,213)</b>

Reconciliation of net debt - Charity	1 April 2020 £	Cash-flows £	31 March 2021 £
Cash	20,000	(585)	19,415
Cash equivalent	8,510	(3,055)	5,455
		<b>(3,640)</b>	
Loans falling due within one year	(46,775)	(1,538)	(48,313)
Loans falling due after more than one year	(237,933)	48,313	(189,620)
	<b>(256,198)</b>	<b>43,135</b>	<b>(213,063)</b>

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 24. Analysis of Net Cash Resources

	1 April 2020	Cash flow	Other non-cash charges	31 March 2021
	£	£	£	£
Net cash Group	31,010	(4,290)	-	26,720
Net cash Charity	28,510	(3,640)	-	24,870

### 25. Cash and Cash Equivalents at the End of the Reporting Period

	Group		Charity	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£	£	£	£
Decrease in cash during the year	(4,290)	(15,360)	(3,640)	(14,825)
Opening cash	31,010	46,370	28,510	43,335
Closing cash	26,720	31,010	24,870	28,510

### 26. Contingent Asset

Following the merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund (TWPF) on 1 April 2020, Active Northumberland became a LGPS admission body in TWPF. Northumberland County Council has given a guarantee to TWPF in respect of Active Northumberland's LGPS liabilities. The guarantee can be called on should Active Northumberland default on its obligations to TWPF.

### 27. Controlling Party

The Charity is controlled by the Board of Trustees.

### 28. Funds held as Custodian

During the year funds were held on behalf of Blyth Valley Trust for Youth, an amount of £25,199 (2019-20: £25,199) is shown as a creditor at the year end.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 29. Related Party Transactions

All transactions between the Charity and its subsidiary, Active Northumberland Trading Limited are eliminated on consolidation.

The 2020-21 agreed management fee from Northumberland County Council was £2.46 million (2019-20: £2.66 million).

In addition, further funding of £2.26 million was agreed (2019-20: £0.23 million). £0.39 million was received during the year and a debtor of £1.87 million was raised at year end.

There were also other goods and services provided to Northumberland County Council of £0.36 million (2019-20: £0.71 million) and other goods and services received from Northumberland County Council of £1.29 million (2019-20: £1.51 million).

Active Northumberland uses Northumberland County Council's Oracle Cloud Applications for all expenditure transactions and reporting through the general ledger. At the end of 2020-21 Active Northumberland owed Northumberland County Council £0.04 million (2019-20: £2.08 million was owed to Active Northumberland).

In 2020-21 there have been goods or service received from Crosland Consulting Limited - nil (2019-20: £311), Northumbrian Water LTD - nil (2019-20: £218) and NWG Business - £62,557 (2019:20 £239,759), and goods or services provided to Ashington Academy - nil (2019-20: £480), Northumbria Healthcare NHS Foundation Trust - £705 (2019-20: £1,131), Pele Trust - £65 (2019-20: £61,994), and Tri Northumberland - nil (2019-20: £325).

### 30. Contingent Liabilities

There were no contingent liabilities identified as at 31 March 2021. (31 March 2020: nil).

### 31. Post Balance Sheet Events

There are no post balance sheet events to report.

## Notes to the Consolidated Financial Statements for the year ended 31 March 2021

### 32. Financial Instruments

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
<i>Financial assets measured at amortised cost</i>				
Trade debtors	<b>408,363</b>	364,201	<b>407,191</b>	362,637
Amounts owed to Group undertakings				
Other debtors	-	2,078,841	-	2,078,841
Accrued income	<b>3,014,146</b>	1,065,438	<b>3,013,809</b>	1,056,019
<i>Financial liabilities measured at amortised cost</i>				
Trade creditors	<b>51,395</b>	40,589	<b>51,684</b>	40,787
Amounts owed to related party				
Amounts owed to Group undertakings	-	-	<b>71,958</b>	36,790
Other creditors	<b>66,818</b>	25,199	<b>66,818</b>	25,199
Accruals	<b>1,502,604</b>	1,194,503	<b>1,416,740</b>	1,106,890
Loan from related party	<b>48,313</b>	46,775	<b>48,313</b>	46,775
Long term Creditor	<b>189,620</b>	237,933	<b>189,620</b>	237,933