
NORTH AYRSHIRE COUNCIL

23 February 2021

Cabinet

Title: North Ayrshire Leisure Limited (NALL) Recovery and Renewal Plan, incorporating potential 2021-22 Budget scenarios.

Purpose: To seek Cabinet's approval for the North Ayrshire Leisure Limited (NALL) Recovery and Renewal Plan and note the potential 2021-22 Budget scenarios.

Recommendation: That Cabinet:

- a) Notes and agrees to support the North Ayrshire Leisure Limited (NALL) Recovery and Renewal Plan;
- b) Notes the projected deficit position in 2020/21;
- c) Notes the Recovery and Renewal progress;
- d) Agrees to receive regular reports to monitor the financial impact of COVID on NALL in 2021-22;
- e) Agrees to receive regular reports to monitor developments in Renewal plans; and
- f) Agrees to receive regular reports to monitor resultant additional financial support to NALL in 2021-22 as part of the Council's financial monitoring arrangements.

1. Executive Summary

1.1 KA Leisure aims to improve health and wellbeing through physical activity. The work of the leisure trust includes:

- Supporting physical activity;
- Improving health and wellbeing;
- Enhancing skills through training; and
- Creating pathways to employment.

1.2 KA Leisure has consistently recorded significant increases in participation across programmes and facilities. Equity of opportunity is at the heart of the approach.

1.3 2020 marked KA Leisure's 20th Anniversary. In the period since its launch in January 2000 the company has recorded over 30 million activities, including over 2.7 million

visits in 2019. KA Leisure's Annual Report 2020 was published in December 2020 and is attached as appendix 1. This details positive operational activity and outcomes in the period 2019/2020.

- 1.4 In previous years the KA Leisure Impact Report, Business Plan and budget proposals for the forthcoming year have been presented to Cabinet for approval in advance of the Council's budget setting process. Due to the effects of the pandemic, the current report is in lieu of the usual procedure which will resume as soon as possible.
- 1.5 In the financial year 2020/21 KA Leisure is currently projecting a trading deficit of £1,928,121 after allowing from the core contribution for North Ayrshire Council and after incorporating income recovered via the UK Government furlough scheme. The Council's Financial Recovery Plan for 2020/21 was presented to Cabinet on 8 September 2020 and included approval of additional cashflow management support to NALL of up to £2.743m to ensure they continue to operate as a going concern and meet their cash liabilities.
- 1.6 Due to the ongoing effect of the pandemic, the trading environment and the consequential financial impact for KA leisure will continue to present challenges through 2021/22. The Council and KA Leisure continue to work closely on operational and financial planning and importantly, in addressing the financial pressures and further developing Recovery and Renewal activities. It is recognised, however, that to ensure KA Leisure continues to operate as a going concern, additional financial support from the Council will be required through 2021/22. This will be considered within the context of additional Scottish Government funding and as part of the Council's financial monitoring arrangements through this current financial year 2020/21 and 2021/22.

2. Background

- 2.1 North Ayrshire Leisure Limited trades as KA Leisure. They are a Company limited by guarantee and a registered Scottish Charity and are also a not for profit organisation and any surpluses generated are reinvested across the Company. They are governed by their Articles of Association which includes their charitable objectives.
- 2.2 KA Leisure aims to improve health and wellbeing through physical activity, regardless of age or background and, to fulfil these goals, will continue to encourage participation, make significant investments in facilities, and create innovative opportunities to help the inactive become active.

20th Anniversary of KA Leisure

- 2.3 Just prior to the pandemic, the Company marked its 20th Anniversary in 2020. Highlights over the last 20 years include the launches of Cardiac Referral Programme and KA Fitness in 2002, the development of exercise referral and walking programmes, rebranding as KA Leisure in 2007, the opening of the first KA Leisure Campus in 2008 and the launch of community games in 2010. The last decade has seen the launch of new campuses, the refurbishment of the ice rink at Auchenhavrie and a plethora of awards – including shortlisting as UK Active's Gym of the Year 2018 and six consecutive Royal Society for the Prevention of Accidents (RoSPA) Gold Awards in 2019. The Company has long specialised in health and wellbeing programmes, starting with Mind and Be Active and leading to successfully partnering

with the Health and Social Care Partnership, NHS, Green Health Partnership, North Ayrshire Drug and Alcohol Partnership and North Ayrshire Active Schools to deliver support for healthy lifestyles as well as supporting mental health. Much of this work attracts significant external funding. Move More is a funded partnership with Macmillan Cancer Support, encouraging physical activity and supporting wellbeing for those with a cancer diagnosis, working with 169 participants and with the help of 36 volunteers. Macmillan Cancer Support's Move More Report cites research showing that being active during and after treatment can maintain physical function, improve feeling of mental wellbeing as well as minimising the side effects of treatment.

- 2.4 Highlights during 2020 include the opening of the new Circuit facility in Irvine, RoSPA Gold Award and national recognition for the delivery of innovative projects. During the past year investment in fitness venues has continued with refurbishment and extension of the fitness suite at Auchendarvie Leisure Centre. Over 54% of members attend fitness activities. The fitness portfolio continues to develop with the launch of the new "ELEVATE" fitness club and "EVOLVE" cycling series, as well as the introduction of a new personal training service.

Covid-19 and Recovery and Renewal Plan

- 2.5 KA Leisure continues to focus on those who participate in physical activity and sport, and in line with the North Ayrshire Active Communities strategy, a strong focus is also on those who are not active. Inactivity carries significant health, social and economic risks. Working with partners in North Ayrshire and beyond, KA Leisure continues to develop innovative programmes and to participate in the North Ayrshire Active Communities Strategy and the DrEAM (Drop Everything and Move) events.
- 2.6 Against the context of success and notable impact outlined at 2.3 and 2.4, the Covid-19 pandemic in 2020 has had a significant impact on KA Leisure's income and customer base. The Scottish Government's Covid restrictions affected attendances, membership income and the range of activities which could be offered. After discussion with North Ayrshire Council, KA Leisure furloughed many of its staff and secured support from the Government's Job Retention Scheme. The financial implications for KA Leisure and the Council continue to be considerable and, as such, are integrated the Council's ongoing financial planning to address the impact of COVID-19. Throughout, KA Leisure Board and North Ayrshire Council have met regularly to ensure that planning, activity and communication are aligned. The Council continues to provide support and guidance to KA Leisure, and this will be further intensified in relation to the Recovery and Renewal Plan.
- 2.7 As restrictions eased, activities have had to be adjusted to comply with reduced capacity restrictions. This resulted in customer visits to all areas of activity being significantly impacted, in particular, fitness activity. In 2019/20 the total customer visits recorded were 2,663,489 and the projected figure for 2020/21 is 208,604, assuming tier 4 restrictions continue until the end of March 2021. Customer visits to fitness activity annually account for over 50% of customer visits with around 1.5 million attendances, generating over £2 million income each year. By the end of December 2020, less than 70,000 visits had been recorded to fitness activities, over 1 million fewer than the corresponding period in 2019. KA Leisure's membership numbers have reduced from over 9,600 in March 2020 to under 5,500 at December 2020.
- 2.8 The impact will continue into 2021/22. Maintaining a strong relationship across the partners is pivotal to ensuring the financial viability of the company and managing KA

Leisure through its recovery. KA Leisure's Board established a Renewal Working Group which has been developing Recovery and Renewal Plan (appendix 2), in tandem with work going on in the Council and across the wider CPP. The Recovery and Renewal Plan was approved by KA Leisure's Board earlier this month. In previous years the KA Leisure Impact Report, Business Plan and budget proposals for the forthcoming year have been presented to Cabinet for approval in advance of the Council's budget setting process. Due to the effects of the pandemic, the current report is in lieu of the usual procedure which will resume as soon as possible.

- 2.9 In partnership with North Ayrshire Council the focus in 2021/22 will be reshaping the business in line with the Recovery and Renewal Plan; managing the financial recovery, including working closely with Council Finance Officers; by rebuilding the customer base; and re-opening venues and restarting activities in line with the Scottish Government Route Map.
- 2.10 KA Leisure's Renewal Working Group has developed the Recovery and Renewal Plan using a complementary approach to the Council's Recovery & Renewal Strategy. This includes learning from the lessons of the Covid-19 pandemic response and addressing community needs, while considering new ways of working. Services will be gradually reintroduced in line with government health advice. Three key areas are the focus to gain the greatest impact: Venue Portfolio; Reinvent and Reimagine; and People and Partnerships.

Venue Portfolio

- 2.11 Within the renewal phase a review of venues is being undertaken to re-balance the business to ensure sustainability whilst maximising operating capacity and considering changing community needs, emerging demands, complementary local provision, and opportunities to develop capacity within local communities. The review will include Community Sport Hubs and venues that provide fitness, golf, and swimming.

Reinvent and Reimagine

- 2.12 The development of the outdoor programme will include, fitness programmes and physical activity sessions, community wellbeing initiatives, gardening and the introduction of the 'Fitbox' concept to enable expansion of an outdoor group fitness programme. The popular Walking Programme will be expanded to respond to demand and with leader and volunteer training improved. The Health and Wellbeing Service will continue to deliver innovative programmes through collaboration with key partners that engage with priority groups, including those who are vulnerable, isolated and at greatest risk of inactivity and provide early intervention by offering the right support at the right time. New plans include an Active Zone & Health and Wellbeing Hub at Bridgegate, Boutique Fitness, a more commercial digital and live-streaming programme, a Health Improvement and Weight Management programme and improved Mental Health and Wellbeing opportunities. KA Leisure will launch INSPIRE, a children and young people's multi activity membership. which offers unlimited access to community sport, arts and drama opportunities. There is a need to balance the pricing strategy with resourcing targeted interventions through a whole systems approach to ensure inclusion and wide participation.

People and Partnerships

- 2.13 Covid-19 presents a fresh set of challenges for KA Leisure and its partners. The pandemic has demonstrated the need to consider how resources can flex and adapt

to new delivery methods. Alongside the review of programmes, the Recovery and Renewal Plan will set the future direction of the organisation and define what success looks like. To maintain high levels of creativity and innovation greater emphasis will be placed on the development of:

- Consultation, engagement and co-designing of services
- Building capacity
- Continual reflective learning
- Data, evidence and insights
- Training, skills, tools and resources
- Communication and collaboration

As a committed member of the North Ayrshire Community Planning Partnership, KA Leisure will work collaboratively with partners and like-minded organisations to increase activity levels, reduce inequalities and improve the health and wellbeing of our communities across North Ayrshire. Delivering an agile and resilient structure, that provides a solid foundation for creating an innovative, engaging and collaborative workforce with the right skills across the organisation will be key to future success. The Council has agreed to provide HR advice to support the company through this.

Financial Implications

- 2.14 In the financial year 2020/21 KA Leisure is currently projecting a trading deficit of £1,928,121 after allowing from the core contribution for North Ayrshire Council and after incorporating income recovered via the UK Government furlough scheme. The Council's Financial Recovery Plan for 2020/21 was presented to Cabinet on 8 September 2020 and included approval of additional cashflow management support to NALL of up to £2.743m to ensure they continue to operate as a going concern and meet their cash liabilities. The projected financial performance for 2020/21 is incorporated into the KA Leisure Recovery and Renewal Plan, (appendix 2).
- 2.15 Understanding the level of financial impact to KA Leisure through 2021/22 is very difficult at this current time. There continues to be a great deal of uncertainty both in terms of the operating landscape, through the level and length of time restrictions remain in place, and the degree to which the customer base and trading levels are recovered following the easing of these restrictions. Aligned to this there is further uncertainty around the potential continuation of government support schemes, with the current Furlough scheme due to end at the end of April 2021. In recognising this complex landscape, a number of operating and financial modelling scenarios have been developed and a summary is included in appendix 2.
- 2.16 It is important to note that as well as each scenario incorporating variations around the timings of operating restrictions, they also include anticipated financial savings of c.£509k from Recovery and Renewal Plan. As illustrated in appendix 2 the potential level of financial deficit facing KA Leisure from the three scenarios shown ranges from £570,116 to £1,211,852. It should be stressed, however, that this landscape remains very fluid and uncertain and will be subject to further volatility as more information is known. With this backdrop it is recognised that to ensure KA Leisure continues to operate as a going concern, additional financial support from the Council will be required through 2021/22. This will be considered within the context of additional Scottish Government funding and as part of the Council's financial monitoring arrangements through the current financial year 2020/21 and in 2021/22 and within

the context both of further progress through Recovery and Renewal activity and the level of financial reserves held by KA Leisure.

3. Proposals

3.1 It is proposed that Cabinet:

- a) Notes and agrees to support the North Ayrshire Leisure Limited (NALL) Recovery and Renewal Plan;
- b) Notes the projected deficit position in 2020/21;
- c) Notes the Recovery and Renewal progress;
- d) Agrees to receive regular reports to monitor the financial impact of COVID on NALL in 2021-22;
- e) Agrees to receive regular reports to monitor developments in Renewal plans; and
- f) Agrees to receive regular reports to monitor resultant additional financial support to NALL in 2021-22 as part of the Council's financial monitoring arrangements.

4. Implications/Socio-economic Duty

Financial

4.1 Financial implications arising from this report are outlined in section 2.15-2.17 of the report and at appendix 2. This could range from £570,116 to £1,211,852. The restrictions associated with the pandemic impact on KA Leisure's operations and Scottish Government funding support continue to be closely monitored by North Ayrshire Council and the KA Leisure Board. The Council and KA Leisure continue to work together on medium term financial planning.

Human Resources

4.2 The Council and KA Leisure will work together to align workforce planning and the KA Leisure Recovery and Renewal Plan.

Legal

4.3 At this stage there are no legal implications.

Equality/Socio-economic

4.4 As set out in the report KA Leisure continues to focus much of their activity on individuals and groups requiring specialist support and activity, thus closing the inequalities gap across a number of themes.

Environmental and Sustainability

4.5 None.

Key Priorities

4.6 The proposal contained within the report supports the North Ayrshire Council Plan priorities:

- Active and strong communities;
- Children and young people experience the best start in life; and
- People enjoy good life-long health and wellbeing.

Community Wealth Building

4.7 The proposal contained within the report maintains employment opportunities and volunteering and skills development opportunities.

5. Consultation

5.1 Consultations take place with KA Leisure on an ongoing basis and partners. Customers and prospective customers are the focus of regular engagement by KA Leisure and North Ayrshire Council. There may be a need for specific consultations, depending on the work of the KA Leisure Renewal Working Group and the decisions of the KA Leisure Board, as the Recovery and Renewal Plan progresses.

Audrey Sutton
Executive Director
Communities and Education

For further information please contact **Rhona Arthur, Interim Head of Connected Communities**, on **01294 324415**.

Background Papers

Appendix: 1 KA Leisure 2020 Annual Report

Appendix: 2 KA Leisure Recovery and Renewal Plan, incorporating potential 2021-22 Budget scenarios



| leisure

ANNUAL REPORT 2020





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FOREWORD

As chairman of KA Leisure, I am pleased and proud to provide this foreword and share with you our 2019/2020 Annual Report.

The last financial year was the 20th anniversary of our Company incorporation in January 2000, since when, over 30 million activity attendances have been recorded at our facilities, of which approximately 2.7M customer visits were recorded in the last year.

The financial year 2019/2020 has been a challenging year, with temporary closures at some sites to accommodate necessary refurbishment and facility expansion as well as a downturn in business at the end of the year due to the coronavirus pandemic. Nevertheless, the Company has attained a turnover of £8,455,262 during the year, an increase of 2.3% in comparison to the previous year, and retained a consistent staff profile of 351 employees.

Our focus continues to provide the best possible service to our community and in so doing improve the health and wellbeing of the residents of North Ayrshire. In this respect we are grateful to all of our partners, and in particular North Ayrshire Council for supporting us in this endeavour.

There have been many highlights during the year including, the opening of the new Circuit facility, and national recognition for the delivery of innovative projects. During the past year we have continued to reinvest in fitness venues with the refurbishment and extension of the fitness suite at Auchenharvie Leisure Centre.

We continue to develop our fitness portfolio with the launch of our new "ELEVATE" fitness club and "EVOLVE" cycling series, as well as the introduction of a new personal training service. These developments have been well received, as indicated by the fact that customer visits to our fitness activities now provide 54% of overall customer attendances.

KA Leisure has always recognised the importance of mental health within the community. Our Active Lifestyle Team has developed a new Health and Wellbeing Service with the North Ayrshire Health and Social Care Partnership, and in partnership with the North Ayrshire Drug and Alcohol Partnership and North Ayrshire Active Schools our “North Ayrshire Champions for Change” programme was created.

As a Company we continue to strive to ensure everyone's health and safety, and nurture a positive health, safety and wellbeing culture across our workplaces. I am delighted to record that our efforts have again been recognised with our 6th consecutive Royal Society for the Prevention of Accidents (RoSPA) Gold Award, achieving the RoSPA Gold Medal and being awarded the inaugural RoSPA Gold Leisure safety Award.

We are familiar with the challenges ahead. The coronavirus pandemic has, and will continue, to impact how we operate therefore we will continue to seek out new and novel ways to offer our services to the community. Our focus remains however, on improving the health and wellbeing of the communities of North Ayrshire by doing everything we can to provide a safe, healthy and happy experience.

To conclude I would like to take this opportunity to thank our employees, Board of Directors, North Ayrshire Council and all strategic partners for their dedication and commitment over the previous twelve months, as well as our valued customers for all their ongoing loyalty and support.

Gary Higgon, Chairman



REFERENCE AND ADMINISTRATION DETAILS

Company registration number SC202978

Charity registration number SC029780

Registered office 22 Quarry Road
Irvine
KA12 0TH

Company trading name KA Leisure

Trustees G Higgon (Chairman)
A Pringle (Vice Chairman)
T Billings
J Brahim (Resigned 13th November 2019)
H Campbell
S Macaulay
J McClung (Appointed 28th November 2019)
J Sweeney
A Todd (Appointed 27th June 2019)
L Tulloch (Appointed 27th June 2019)

Chief executive officer E Cairns

Senior management team E Cairns
L Barrie
C Glencorse

Solicitor Shepherd and Wedderburn
191 West George Street
Glasgow
G2 2LB

Auditors Azets Audit Services Limited
Registered Auditors
5 Whitefriars Crescent
Perth
PH2 0PA

Bankers Clydesdale Bank
151 High Street
Irvine
KA12 8AD

2000



North Ayrshire
Leisure Limited
Established.

20 YEARS OF KA LEISURE

2001

Companywide
customer
management and
information
system
introduced.

2002

- First Cardiac rehabilitation class.
- KA Fitness Launched.
- Viking Visitor Attraction Longhouse opened.

2009

Portable
Pitch Youth
Diversionary
Programme
established.

2008

First KA
Campuses
Open.

2007



leisure

North Ayrshire
Leisure rebranded
as KA Leisure.

2010

The
Community
Games
were
established
at KA Campus
St Matthews.

2011

Extended &
Refurbished
Ice Rink Opens at
Auchenharvie
Leisure
Centre.

2012

- New fitness internet enabled equipment purchased across all 4 leisure centres.
- On-line customer booking introduced.

2020

2019

- Circuit Opens, 5th Consecutive RoSPA Gold Award, RoSPA Gold Medallist, RoSPA Leisure Gold Award Winners.
- Awarded funding from Changing Lives Partnership to deliver Champions for Change project.

2018

- 3-year funding received from the Health and Social Care Partnership to develop a new Health and Wellbeing Service.
- KA Campus Largs Opens
- Finalists in UK Active Awards – Gym of the year.
- Active Partner in the newly established Green Health Partnership.

2003

- Big Lottery Funding – expansion of exercise referral programme to all North Ayrshire surgeries & appointment of Exercise Referral Officer.

- Paths for All Funding – Walking Development Officer appointed.



2006

Activator Mobile Health & Physical Activity Unit purchased & outreach programme rolled out across North Ayrshire.

2005

Gymfest – First annual Scottish National Festival of Gymnastics at Magnum Leisure Centre.

2013

- KA Exercise Referral Programme, Active North Ayrshire, gains funding from Health and Social Care Partnership.
- KA Campus West Kilbride opens.
- Magnum Indoor Synthetic Football Pitch opens.

2014

Finalists in UK Active Flame Awards – Healthy Partnerships Category.

2015

- Awarded £80,000 from Commonwealth Games Legacy Fund for Mind and Be Active mental health improvement programme.
- Swimming Lesson direct debit introduced.
- 1st RoSPA Gold Award.

2017

- Garnock Community Campus & Portal Open.
- Move to New Head Office, Quarry Road.
- Funding awarded for Girl Make Your Move campaign £27,215
- £123,000 from MacMillan Cancer Care for our Move More cancer rehabilitation programme.



DIRECTORS' REPORT

(incorporating Strategic Report) Structure, Governance and Management

Company Structure

North Ayrshire Leisure Limited is a Company limited by guarantee and has charitable status. The Company's trading name is KA Leisure. The Company is governed by its Articles of Association. The Company is a not for profit organisation, any surpluses generated are reinvested in improving facilities and services.

The Company is responsible for the management and operation of the following facilities in North Ayrshire;

- **Auchenharvie Leisure Centre, Stevenston**
- **Garnock Community Campus, Glengarnock**
- **Portal, Irvine**
- **Vikingar!, Largs**
- **KA Campuses**
 - Arran High School
 - Dalry Primary School
 - Greenwood Academy
 - Kilwinning Academy
 - Largs Academy
 - St Matthew's Academy
 - Stanley Primary School (Company acts as booking agent only)
 - West Kilbride (in partnership with West Kilbride Community Association)
- **Golf Courses**
 - Auchenharvie, Stevenston
 - Ravenspark, Irvine
 - Routenburn, Largs
- **Outdoor Sports Facilities**
- **North Ayrshire Leisure Trading Services Limited (dormant)**

Facilities are owned by North Ayrshire Council but are leased to the Company. Specific contractual agreements are in existence to enable sport, leisure and recreational community use within school facilities.

Directors

The trustees, as detailed on page 5, are also Directors of the Company and both references will be used in the Annual Report. As set out in the Company Articles of Association the maximum number of Directors is 9 and comprises of the following;

- a maximum of 4 Directors appointed by North Ayrshire Council.
- maximum of 4 Directors appointed from, and representative of, the North Ayrshire area (with skills to assist the Company in carrying out its objects).
- maximum of 1 Director appointed from and by the employees of the Company.

The Board of Directors meet at least six times a year to consider Company business. The Company has an HR Committee and Audit Committee.

Trustee Induction and Training

The Board seek to ensure that all members possess the range of skills and interests that are relevant to meeting the Company's overall objectives.

All new Directors are provided with the Company Articles of Association, Annual Report and Company Progress and Impact Report incorporating the financial budget. Directors are provided with training on various topics including charity and company legislation.



Employees

The Company communicates and consults with employees, and, where represented, trade unions. The Company is committed to staff training and development to ensure all employees have the necessary skill base to effectively contribute to the objectives of the Company.

Applications for employment by disabled persons are given full and fair consideration. In the event of employees becoming disabled every effort is made to provide support to ensure their employment with the Company can continue.

The Company over the period has employed an average of 351 employees. The Company has a Senior Management Team comprising of a Chief Executive and 2 Business Managers covering the areas of Leisure and Physical Activity. The remuneration of key management personnel is reviewed annually and normally increased in line with local government agreements.

During the period the Company continued to meet the criteria to maintain the Healthy Working Lives Silver Award and we are now actively working towards achieving the Gold Award from NHS Health Scotland. As part of the Gold award portfolio we will produce a Company Health, Safety



and Wellbeing Strategy demonstrating clear commitment to promoting a healthy working environment for our employees.

The Company has an Employee Forum comprising employee representatives drawn from each facility and service area of the Company. The Forum is chaired by a Company Director and acts as an effective communication vehicle.



Related Parties

The Company owns 100% of the share capital of North Ayrshire Leisure Trading Services Limited. The trading subsidiary was dormant throughout the year to 31 March 2020.

A funding agreement exists between the Company and North Ayrshire Council. North Ayrshire Council provides the Company with a financial contribution to assist in the maintenance of the facilities and the delivery of sport, leisure and recreational services. The existing funding agreement is being revised by both parties and will be replaced with a flexible service specification. This will also include reviewing the funding mechanism to encompass revenue and capital requirements to ensure the sustainability of facilities across North Ayrshire.

North Ayrshire Council also provides assistance to the Company within the treasury management function and provides some administrative support.



Risk Management

As part of the Company's risk management policy and strategy a Strategic Risk Register is reviewed on an ongoing basis by the Company Audit Committee and approved annually by the Board of Directors. A range of controls and actions are maintained to mitigate the impact of any of these risks on the future operations of the Company. Principal risks are identified on pages 26 and 27 of this report.



Health and Wellbeing

The Company continues to be committed to developing a positive health and wellbeing culture through the involvement and commitment of all employees in delivering a quality service.

The Company aims to foster the commitment, co-operation and involvement of all staff in developing and delivering a health and wellbeing culture. We seek to channel the ideas, experience and enthusiasm of our employees into continually improving our health and wellness culture across the Company. A key element of employee engagement is the operation of two staff forums which meet on a regular basis throughout the year – the Employee Forum and the Health and Wellbeing Forum.

Recognition of the Company health and wellbeing culture has led to KA Leisure being awarded a second consecutive Gold Medal from the Royal Society for the Prevention of Accidents (RoSPA) for achieving six consecutive annual Gold Awards through RoSPA's international awards scheme. KA Leisure is the only leisure trust in Scotland to be awarded the RoSPA Gold Award. Additionally, the Company has successfully achieved a second consecutive RoSPA Gold Leisure Safety Award, making KA Leisure one of only four Companies to have achieved this honour in the UK.

In addition, in recognition of their health and safety leadership and commitment to the development of the Company health and wellbeing



culture, one of our Assistant Customer Service Managers was awarded the Institution of Occupational Safety & Health (IOSH) Certificate of Merit Award.



OBJECTIVES AND ACTIVITIES

Making a Difference

Our portfolio of community venues form the foundation of what we do. Our venues offer opportunities to participate in a wide range of sporting and physical activity activities; from baby ballet to ballroom dancing, learning to swim to club swimming, and, mini kickers through to walking football. We have activities to suit everyone, for individuals, teams, clubs and organisations providing; coaching and instruction, competitive and performance sport, or, simply opportunities to feel better about yourself and have fun.

As an organisation we have been fortunate to benefit from significant investment from North Ayrshire Council during recent years. The newest edition, the Circuit – indoor and outdoor sports pitches, compliments previous investment in Garnock Community Campus, Largs Campus and the Portal.

In addition to the North Ayrshire Council investment we have continued to invest in our fitness venues during the last 12-months, creating exciting spaces for our customers at Auchenharvie Leisure Centre and Vikingar. We have also continued to reimagine what fitness means to our customers with the launch of our new fitness brand ELEVATE fitness club providing opportunities to take part regardless of fitness level.

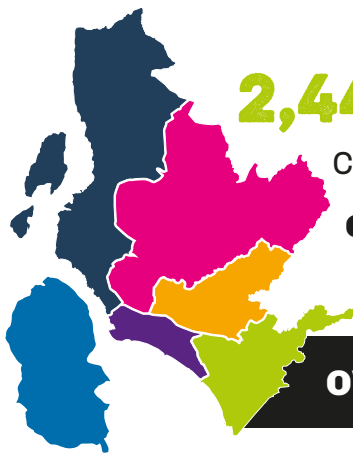
As well as encouraging active participation the continued success of our fitness activities is crucial to the maintenance and development of our wider programmes. The income from fitness activity ensures a range of activities and programmes remain accessible, affordable and inclusive particularly for those requiring a more supportive approach.



Additionally, to core programmes and activities community venues provide a base for a range of innovative programmes delivered by our Active Lifestyles and Community Sport Teams, supporting individuals to act now!

One such session is the Circuit Friday night 'Just Play' session delivered by the Community Sport Team in partnership with the Scottish Football Association and Fullarton Connections. This free diversionary programme offers the opportunity for young people to socialise and get active with friends in a safe, welcoming environment.

Another example is our inaugural Golden Games that took place at the Portal in November 2019. The games provide older adults an opportunity to participate as part of a team in a range of activities including; adapted golf, boccia, carpet bowls, cycling, netball, seated yoga and table tennis.



2,448,129

COMMUNITY
VENUE
CUSTOMER
VISITS



FITNESS
VISITS WERE

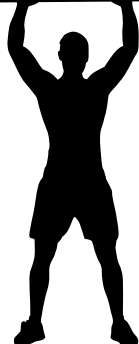
54%

of overall
visits

OVER 280 FITNESS CLASSES per week

8,775
fitness

MEMBERS



THE NEW
ELEVATE
FITNESS CLUB
brand launched



**EXTENSION AND
REFURBISHMENT**
of Auchenharvie
Fitness Suite

**RENEWAL OF
FITNESS
EQUIPMENT**
at Auchenharvie
Leisure Centre
and Vikingar



297

SWIMMING
memberships

384

**LEARN
TO SWIM
CLASSES**
per week



15,812

VIKING VISITOR
ATTRACTION VISITS

**OPENING OF
THE CIRCUIT**

indoor and outdoor
SYNTHETIC PITCHES



1,007
GOLF

Memberships



Move More North Ayrshire

Move More North Ayrshire is a project funded by Macmillan Cancer Support, which provides physical activity opportunities for patients who have recently been diagnosed with cancer or are within 3 years of a cancer diagnosis. Moving into the final year of the project we have supported 169 participants from the project target of 180 through both behaviour change interventions and physical activity opportunities.

Volunteer led activities and support has been an integral part of the Move More North Ayrshire programme which now has 36 volunteers assisting in the delivery of classes, gardening and walking opportunities. Our partnership with Kilwinning Sports Club has continued over the past year allowing us to develop volunteer led activities within an area of low deprivation which has the highest cancer incidence in North Ayrshire.



Health & Wellbeing Service

We continue to work in partnership with North Ayrshire Health and Social Care Partnership and NHS Ayrshire and Arran. During 2019 we continued to develop our Health and Wellbeing Service, enabling us to provide a variety of physical activity opportunities and support individuals to adopt an active, healthy lifestyle across all 6 North Ayrshire Localities. Working together with partners we can reach those most in need, improve health and reduce inequalities.

The overarching Physical Activity Referral Programme, **Active North Ayrshire (ANA)** also includes:

- **Healthy Active Rehabilitation Programme (HARP)** that provides a structured pathway of physical activity from rehabilitation led by health professionals to longer term supported physical activity
- **Mind and Be Active (MBA)** programme which aims to improve mental health and wellbeing through supported physical activity
- **Weigh To Go** weight management programme
- **Move More North Ayrshire** which supports people who are living with or have recently recovered from a cancer diagnosis.



ACTIVE NORTH AYRSHIRE

53,230

ATTENDANCES PER YEAR



1025

REFERRALS
PER YEAR

69

CLASSES
A WEEK

DELIVERED BY ACTIVE
LIFESTYLE TEAM

896

total
consultations

885

6/12 month
follow up

114

referrals to
other agencies

31%

REFERRED BY GP



49%

MALE

51%

FEMALE

52%

OF ALL REFERRALS
have more than
one medical
condition

4

health and wellbeing
education sessions
delivered each month

22

CONDITION
SPECIFIC
classes
per week

BENEFITS reported by participants ATTENDING CLASSES



92%

reported
attending classes
**HELPED REDUCE
SOCIAL ISOLATION**

74%

reported
attending classes
**MAINTAIN A HEALTHY
BODY WEIGHT**

78%

reported
attending classes
**PROVIDES RELIEF
FROM STRESS**



AT FIRST APPOINTMENT



78%

are
overweight
or obese

98

participants referred
as low risk were
found to be high risk
at consultation and
required condition
specific support

33%

have moderate or severe
**ANXIETY
or DEPRESSION**

61%

HAVE ELEVATED
BLOOD
PRESSURE

53

participants
referred were
contraindicated
for participation in
physical activity and
were not suitable for
the programme



% referred from each locality

23%

Irvine

14%

Kilwinning

28%

Three
Towns
Area

25%

North
Coast

8%

Garnock
Valley

2%

Arran



Activator

Our Activator is a versatile, mobile, physical activity and health unit providing a valuable service of health checks and lifestyle advice within the heart of local communities. Over the past 12 months we carried out a number of health checks that identified potential health issues that required referral to a medical professional. In some instances, this resulted in the identification of a health condition and the prescription of medication, demonstrating the impact our service can have as the first point of contact and an opportunity for early intervention.

North Ayrshire Green Health Partnership

The North Ayrshire Green Health Partnership is one of four pilot Green Health Partnerships across Scotland. Established to demonstrate how cross-sectoral co-ordination can mainstream approaches to increasing physical activity and improving mental health through engagement with the natural environment. These innovative partnerships bring together the health, social care, environment, leisure, sport and active travel sectors in order to make more use of local green space as a health-promoting resource.

Each partnership draws on its sound knowledge of community needs, existing outdoor assets and green health activity, and adds value by identifying co-benefits. It's an integral part of our Active North Ayrshire exercise referral programme and offers a variety of green activities such as gardening, conservation and nature walks as an alternative to the more traditional activities based within leisure centres.



Mental Health and Wellbeing

Mental health and wellbeing continue to be a priority across all localities in North Ayrshire. Over the last year 276 participants within the Mind and Be Active programme were supported become more physically active on a regular basis to help improve their mental health and wellbeing.

The Company participated in a variety of campaigns to support positive mental health throughout the year including Mental Health Awareness Week, Loneliness Awareness Week, Stress Awareness Week and World Mental Health Day. The campaigns used a variety of methods to engage with Mind and Be Active participants, customers within our facilities and KA Leisure employees including social media, poster displays, drop in sessions and information events.



276

NEW REFERRALS

8,130

ATTENDANCES

70%

of those referred attend
first consultation

20%

**SELF
REFERRED**
TO THE PROGRAMME

15%

Referred by Drug
and Alcohol
Rehabilitation



50%
ARE OBESE

with a further
30% classed
as overweight

21%

Referred by
their GP



25%

**REFERRED BY
MENTAL HEALTH
PARTNERS**

23%

Those needing
support beyond
12 months

82% OF PARTICIPANTS
are working age

80% in high risk waist measurement category

76% are on
medication to
IMPROVE MENTAL HEALTH

28%

have a severe or enduring mental
health condition

68% of participants
also have other
health conditions

**26 WEEKLY
SUPPORTED SESSIONS**

75%

of those referred are
from the most deprived
postcode areas*

*SIMD quintiles - 50% SIMD area 1
and 25% SIMD area 2

People referred, reside in:

39%

Irvine

11%

Kilwinning

27%

Three
Towns
Area

12%

North
Coast

11%

Garnock
Valley



35%

of participants are male

65%

are female

70%

reported
IMPROVED MENTAL HEALTH
after taking part in the programme

83%

reported
REDUCED SOCIAL ISOLATION

60%

reported
BEING MORE ACTIVE

COMMUNITY SPORT

Champions for Change

The Changing Lives Through Sport and Physical Activity (CLTSPA) Fund was launched in partnership between the Scottish Government, sportscotland, the Robertson Trust and Spirit of 2012, and supports organisations to deliver positive change in communities across the country.

Champions for Change in North Ayrshire involves an innovative partnership between KA Leisure, North Ayrshire Active Schools and North Ayrshire Alcohol and Drug Partnership. The project is based in the Irvine and Garnock Valley localities and focuses on two key outcomes.



1. The development of volunteers in unemployment or disengaged at school.
2. The delivery of a schools and community activity programme which incorporates educational messages of drugs, alcohol and tobacco misuse.

The project draws on the energy and passion of the people in North Ayrshire and serves as a vehicle for tackling social challenges. It includes support for achieving sports coaching qualifications, employability training and education and awareness around drug and alcohol issues.

North Ayrshire Community Sport Hubs

National Lottery funded Community Sport Hubs (CSH) are one of sportscotland's national programmes which focus on sustainable, community-led approaches that get local sports clubs working together to develop welcoming, safe and fun environments for sport.

We support 5 Community Sport Hubs in the North Ayrshire CSH programme in partnership with North Ayrshire Council. The programme brings together sport clubs and community organisations who have a common aim to develop and grow the sporting offering in their community. CSH's provide information, support and advice on a wide range of sports and physical activities to make it easier for local people to get involved and engage in a more active and healthier lifestyle.

The specifics of each hub and what it offers vary according to local need and local resource. However, all our hubs work to the following five principles:

- Growth in participation
- Engage the local community
- Promote community leadership
- Offer a range of sporting opportunities
- Bring all appropriate partners, groups and people together

CSH's across North Ayrshire aim to support local sports clubs and individuals who may experience barriers to participation with a focus on age, disability, gender, and social and economic disadvantage.



Coach and Volunteer Development

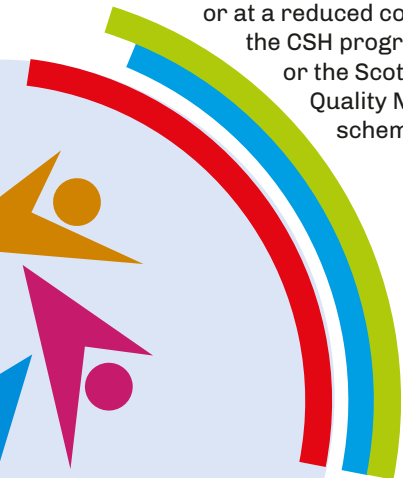
Volunteers are an integral part of sport across North Ayrshire. There are currently 62 affiliated clubs in our Community Sport Hub Programme and 559 volunteers across the area.

We value the contribution volunteers make to clubs and to our communities. To ensure the volunteer experience is rewarding the Community Sport Team provide a programme of support throughout the year.

Development opportunities, workshops and training support individuals across several sport club roles. These include –

- Coach and sport specific qualifications
- Child protection
- First Aid
- Marketing
- Funding support
- Volunteer recruitment
- Community Engagement
- Club development planning
- Disability inclusion

All courses are available for free or at a reduced cost through the CSH programme or the Scottish FA's Quality Mark scheme.



Kilmarnock FC Health & Wellbeing Programme

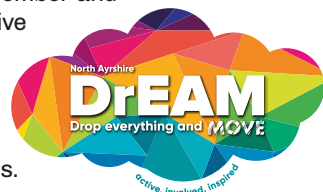
We are delighted to have developed a new partnership with Kilmarnock FC, Scottish FA South West and the Kilmarnock Community Sports Trust (KCST). The partnership includes access to project funding, affiliation to the club, player and stadium visits and shared marketing and branding opportunities

Our Community Sport Team delivered a North Ayrshire primary school launch project to raise awareness of the importance of leading healthier lives. The project focused on the power of football to generate conversations around healthy eating, the benefits of physical activity and the dangers of alcohol.

KA Dance

Delivered in partnership with members of the Active Communities Steering Group DrEAM is North Ayrshire's approach to encouraging people to have fun, while living healthier more active lives.

As part of the DrEAM programme in November 2019 we co-ordinated and led inter-generational dance sessions within 4 local care homes. Children from 4 local Early Years Centres participated in singing and dancing with the residents from the homes. The partnership continued throughout December and focused on festive activities which included carol singing and making Christmas cards.



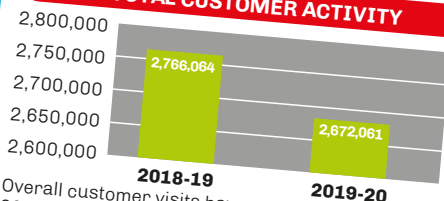
ACHIEVEMENTS AND PERFORMANCE

Key Facts

To measure performance the Company provides Statutory Performance Indicators (SPIs) information to North Ayrshire Council on an annual basis. The Company also produces a series of key performance indicators (KPIs).

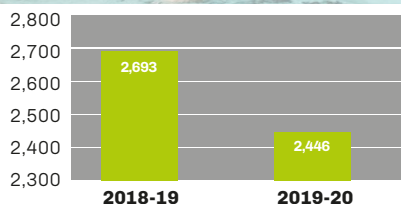
Overall attendance figures for the Company in 2019/20 have shown a reduction of 94,003 visits and an operational surplus of £40,656. The following graphs highlight the main areas of activity and report on any fluctuations.

TOTAL CUSTOMER ACTIVITY



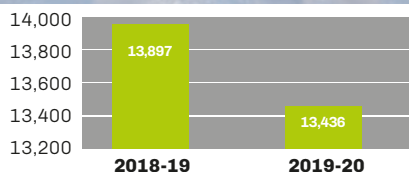
Overall customer visits have reduced by 3.4% during 2019/20. Attendances across all activities have been affected by the coronavirus pandemic. A breakdown of activity areas is provided in the following graphs:

SWIMMING POOL ATTENDANCES (SPI 1)



Aquatic activity has decreased in comparison to the previous year. The biggest reduction was due to a 12-week closure of the swimming pools at the Portal to complete necessary remedial maintenance.

INDOOR ATTENDANCES (SPI 2)

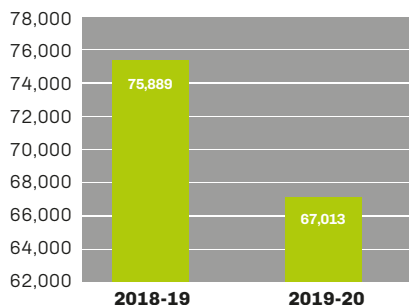


Despite the pandemic indoor sports attendances have maintained a similar number of visits to the previous year.

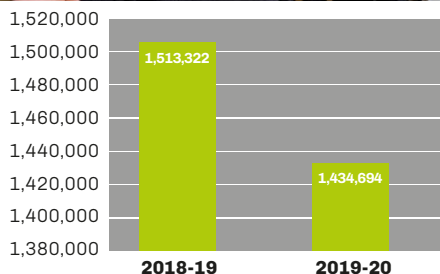
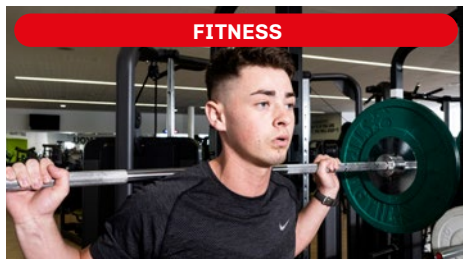
ICE



Customer visits to the ice rink have recorded a reduction in comparison to the previous year. In addition to the impact of the pandemic the rink was closed for 6-weeks to facilitate the extension of the fitness suite at Auchenharvie Leisure Centre.

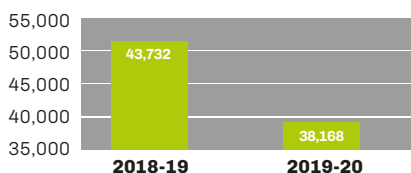


FITNESS



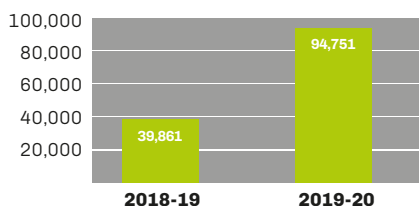
The implementation of a pricing review in May 2019 resulted in a reduction to memberships and therefore customer visits. Attendances had been gradually recovering up until January 2020 however they were impacted by the pandemic during February and March 2020.

GOLF COURSES



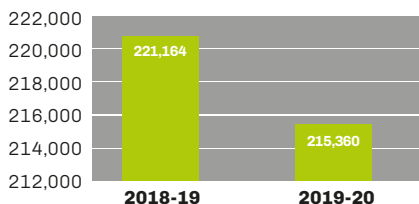
Customer visits to our three golf courses have been impacted during the latter part of the financial year due to a combination of inclement weather and the coronavirus pandemic.

OUTDOOR SPORTS



Recorded customer visits in outdoor sports have increased in comparison to the previous year. The main contributing factor to the increase has been the opening of the indoor and outdoor sports pitches at the new Circuit facility.

PHYSICAL ACTIVITY



Attendances across physical activity which includes both Active Lifestyles and Community Sport has reduced by 2% in comparison to the previous financial year. Attendances have increased across Active Lifestyles due to an increase in the number of community based weekly classes and an increase in the number of community visits made by the Activator. Overall attendances have decreased, which is primarily due to programme funding ending for the Rugby and Basketball School of Sport Programme. In addition, attendances previously recorded within physical activity for aquatics and campus programmes are now recorded within leisure attendances.

FINANCIAL REVIEW

The financial statements for North Ayrshire Leisure Limited at 31 March 2020 show a turnover of £8,455,262 (2019: £8,264,945), an Investment Reserve of £314,648 (2019: £331,061), and General Reserves in deficit by £1,045,671, incorporating £1,262,000 reflecting Defined Benefit Pension Fund liabilities (2019: reserves deficit £3,353,327, incorporating £3,529,000 pension liability). The Company is an Admitted Body to Strathclyde Pension Fund.

North Ayrshire Council's financial contribution towards the cost of maintaining facilities and delivering services is £2,965,825 (2019: £2,886,624).

Reserves Policy

It is the policy of the Company to hold reserves of funds which have not yet been committed or designated for any particular purpose.

The trustees have set aside these general reserves in order to protect future operations of the Company from the effects of any unforeseen variations in its income streams as part of a policy of good financial management practice. At 31 March 2020 the general reserve amounted to a deficit of £1,045,671

(2019: deficit £3,353,327). Setting

aside the pension deficit the trustees are aware that the Company has minimal free reserves and are working on improving this position by ensuring the Company is operating efficiently.

It is also the policy of the Company to provide a designated reserve where it is deemed necessary in considering the future intentions of the Company. Such a reserve has been set aside for investment. At 31 March 2020 the investment reserve amounted to £314,648 (2019: £331,061).

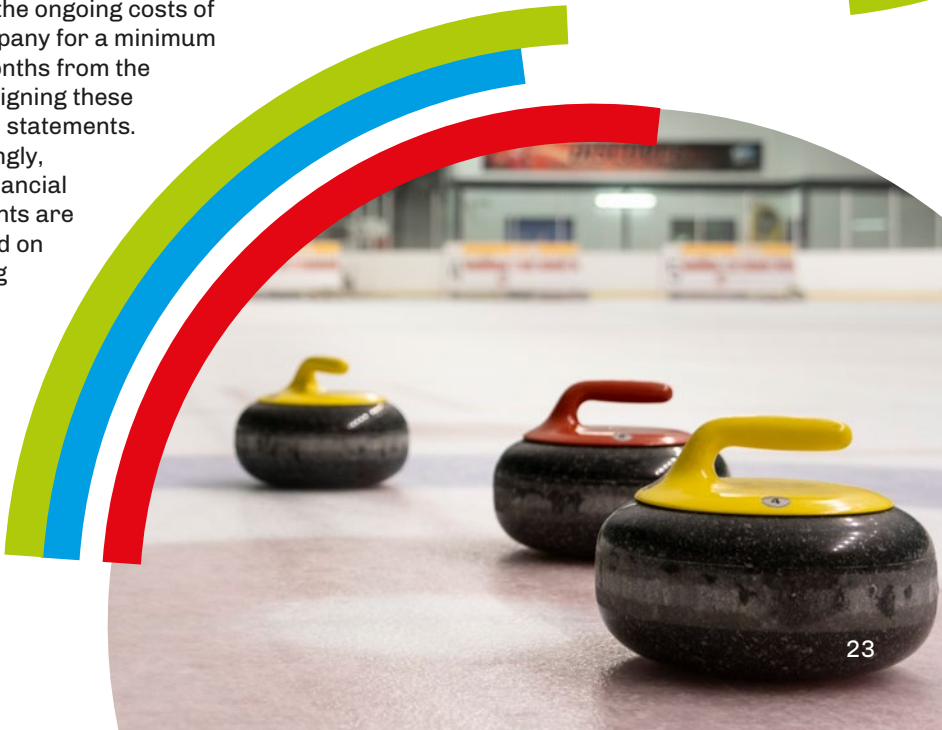


Pension Deficit

The trustees acknowledge the net pension deficit at 31 March 2020 of £1,262,000 (2019: deficit £3,529,000). This is in relation to the Company's share of assets and liabilities within the Strathclyde Pension Fund, a local government pension scheme. The Company continues to meet its ongoing commitments in accordance with the payment plan.

Going Concern

The trustees have assessed, based on future budgets, that there are adequate resources in place from both committed funding and cash resources to meet the ongoing costs of the Company for a minimum of 12 months from the date of signing these financial statements. Accordingly, these financial statements are prepared on the going concern basis.



STRATEGIC DIRECTION

As a committed member of the North Ayrshire Community Planning Partnership, as well as an active member of the North Ayrshire Active Communities Strategic Partnership, KA Leisure engages with partners to capitalise on opportunities to fulfil the Company ambition of:

North Ayrshire More Active More Often

Through taking a focussed approach, and by working with our many partners, we will continue to use our resources to make the greatest impact across North Ayrshire and will continue to develop and grow participation by:

Expanding our reach to maximise the impact of the health and wellbeing of North Ayrshire

We are committed to growing our programmes and activities to make North Ayrshire, more active, more often and by doing so contribute to the collective North Ayrshire Active Communities target of a 10% increase in activity levels by 2026.

Our universal activity programmes are for the whole community and we remain committed to keeping them accessible,

affordable and inclusive. While we continue to strengthen the scope of our health and wellbeing programmes, with activity geared towards the prevention and management of long-term health conditions.

Balancing inclusiveness, accessibility and affordability with charitable sustainability

A key challenge for KA Leisure is achieving and maintaining a balance between providing sustainable services with those that are socially worthwhile and meet our charitable purpose. We ensure that activities and programmes are accessible, affordable and inclusive, through the effective use of resources and investment.

We will continue to maintain a strong focus on fitness activities. Fitness activities provide 41% of our customer income, supporting initiatives for those requiring a more specific approach to overcoming barriers to participation, as well as contributing to investment in venues to ensure they remain relevant for all our customers.



Future Plans

The Coronavirus pandemic has and will continue to have a significant impact on KA Leisure. In partnership with North Ayrshire Council the immediate focus in 2020/2021 will be on re-opening venues and restarting activities in line with the Scottish Government Route Map.

We will review and adapt how we operate to ensure the sustainability of the Company.

The Company is committed to ensuring that it responds to and manages any challenges that may impact on the organisation. The Company recognises that a certain amount of risk is inevitable if the organisation is to achieve its objectives. A risk management framework is in place to assist with taking informed decisions regarding the risks that impact on the Company's priorities, whether Strategic or Operational.

Principle risks identified through the Company Strategic Risk Register which have the potential to seriously affect the performance, future prospects or reputation of the Company are detailed below along with mitigating actions being taken by the Company.

Principal Risks and Uncertainties

Strategic Risk	Possible Impact	Mitigating Actions
Maintenance of Adequate Corporate Reserves	Maintaining low reserves levels could result in the organisation being unable to absorb unforeseen or unplanned expenditure. The Company is experiencing financial difficulties due to the Coronavirus pandemic. Discussions are ongoing with North Ayrshire Council (NAC) with regards the financial viability of the Company going forward.	The Company is participating in on-going discussions with NAC on future Service Level Agreement including revenue and capital funding. NAC has advised that they deem the Company a going concern and are including the Company's situation in the overall recovery plan for the Council.
Business Continuity	Loss of one of more Company facilities would result in loss of income and customer loyalty whilst increasing opportunity for competitors. The Company faces a clear and existential threat as a result of the Coronavirus pandemic that will require reshaping and reforming of activities in order to protect the viability of KA Leisure.	The Board of Directors continually reviewing the structure and operational direction of the Company to ensure its future viability. Maintaining strong and robust relationship with NAC with regards going concern. Adherence to new COVID19 guidance, revision of risk assessments, NOPs and EAPs. Review pricing structure and continue digital to complement onsite delivery of activities.
Asset Management	Failure to manage facilities during the Coronavirus pandemic may result in further closures leading to lost revenue and lower customer satisfaction. Major plant and machinery failure may require large replacement/repair costs placing increased pressure on Company finances. Facilities presented in poor operational and decorative order reduce customer satisfaction, adversely impact community perceptions of Company facilities and reduce partner confidence.	Adherence to Government guidelines as a result of the Coronavirus pandemic. Contracting specialist providers to maintain and repair plant and equipment. Halo system to identify and record maintenance issues. Continual use of Quality Leisure Management audits to assess health & safety effectiveness across facilities. Collaborative working with partners to ensure service meets expectation.
Health & Safety	Failure to provide a safe environment for staff, contractors and customers may lead to a forced closure of a facility resulting in lost income, loss of confidence and reduced customer satisfaction and loyalty	Comprehensive health and safety policy and strategy, training for staff and Directors to include specific COVID19 sessions, health and safety forum, maintenance of RoSPA Gold Accreditation. Compliance with all Government guidance in relation to the Coronavirus pandemic.
Social, Economic, Environmental, & Legislative Pressures	The Coronavirus pandemic has highlighted that its impossible to plan for every eventuality even with robust procedures in place. However, the Company must respond proactively to minimise the impact COVID19 has had on operations. Failing to adequately monitor and react to pressures from the external environment could result in increasing costs, loss of customer satisfaction and loss of revenue and loss of confidence with strategic partners.	Follow all Government guidance in response to the Coronavirus pandemic to ensure compliance. Retention of Company solicitors, membership of industry body, engagement and consultation with external advisors and strategic partners to enable service delivery whilst adhering to legislative and guidance requirements.

Strategic Risk	Possible Impact	Mitigating Actions
Information & Communication Technology	During the current pandemic the importance of ICT has never been more significant as the Company is working more virtually with customer activities also being delivered in a digital format. If the business does not remain current with the continual developments within ICT it could lead to inefficient operating systems, lack of customer satisfaction and data security.	IT policies and control procedures for staff to ensure appropriate use of IT and communication systems. Ongoing corporate ICT development and training to ensure compliance with General Data Protection Regulation.
Strategic Workforce Issues	Apprehension from employees concerned about the future of the Company, returning to workplace whilst pandemic continues and undertaking additional training to revise working practices to adapt to the new COVID19 environment. If the Company does not comply with Government guidance the Company will not be able to operate. If employees are not provided with information and training this could lead to absenteeism, reputational damage and legal claims. If communication and engagement with employees and Trade Unions is not open and collaborative this will foster mistrust, misunderstanding and a lack of willingness to assist the Company to respond proactively to the crisis.	The Company provides all employees with staff updates on re-opening, advice and guidance relating to COVID19 and supporting mechanisms to assist with mental health issues during the pandemic. The Company has engaged with a number of partners including Trade Unions, North Ayrshire Council. The Company has revised risk assessments and operating procedures and training will be carried out. The Company engages with a number of professional organisations including legal and financial advisors, health and safety and industry specialists, these are pivotal in supporting the re-opening of operations.
Customer Satisfaction	The Company's inability to fulfil customer expectation due to the Government guidance restricting service availability. The lack of confidence in the Company from major funding partners. Possible adverse press coverage of the Company. Lack of confidence in the Company from delivery partners and failure to achieve revised performance targets. Economic downturn could result in fewer customers returning to the service.	Adoption of Government advice on safety and social distancing measures as result of the pandemic. Maintenance of customer consultation forums, adoption of social media communication techniques, ongoing customer service training for staff; maintenance of competitive pricing structure and roll out of the customer charter.
Governance & Management	Failing to consider issues surrounding the pandemic would lead to the Company no longer being viable. The lack of effective governance could lead to the Company lacking strategic direction, possible misallocation of funds, poor performance and non-adherence to charity and company law.	External audit, retention of Company solicitors, membership of Industry body, Director training, records held with Companies House and OSCR.
Partnership Working	Loss of funding from North Ayrshire Council would seriously impact the ongoing viability of the Company. During the pandemic NAC has provided assurance to the Company that it will remain a going concern via cashflow support. Robust engagement with NAC is more important than ever to ensure going forward from the pandemic that facilities are fit for purpose and programmed activities meet local need.	Development of funding arrangements with North Ayrshire Council and membership of the North Ayrshire Community Planning Partnership. Regular meetings take place with NAC officers. Attendance at partnership forums, meetings and events by senior members of staff. Due to circumstances these meetings and forums may be held virtually and timeframes subject to change.



TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The trustees (who are also the Directors for the purposes of Company Law) are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under Company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the results of the Company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with Company law, as the Company's Directors, we certify that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- as the Directors of the Company we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

BY ORDER OF THE TRUSTEES

G Higgon

Trustee

Date: 26 November 2020

ANNUAL ACCOUNTS

Statement of Financial Activities (incorporating income and expenditure account)

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Income from donations and legacies				
Lottery and other funded projects	-	445,904	445,904	443,883
Income from charitable activities				
Services provided to North Ayrshire Council	2,965,825	-	2,965,825	2,886,624
Charitable trading operations	4,864,129	174,094	5,038,223	4,930,269
Income from investments				
Investment income	5,310	-	5,310	4,169
Total income and endowments	<u>7,835,264</u>	<u>619,998</u>	<u>8,455,262</u>	<u>8,264,945</u>
Expenditure on charitable activities				
Charitable activities	8,948,021	619,998	9,568,019	8,893,228
Total resources expended	<u>8,948,021</u>	<u>619,998</u>	<u>9,568,019</u>	<u>8,893,228</u>
Net income / (expenditure)	<u>(1,112,757)</u>	<u>-</u>	<u>(1,112,757)</u>	<u>(628,283)</u>
Actuarial (losses)/ gains on defined benefit pension schemes	3,404,000	-	3,404,000	(1,989,000)
Net movement in funds	2,291,243	-	2,291,243	(2,617,283)
Funds brought forward at 1 April 2019	(3,022,266)	-	(3,022,266)	(404,983)
Funds carried forward at 31 March 2020	(731,023)	-	(731,023)	(3,022,266)

There is no difference between the result as disclosed in the Statement of Financial Activities and the result on an unmodified historical cost basis.

None of the Charitable Company's activities were acquired or discontinued during the above two years.

Balance sheet as at 31 March 2020

	2020 £	2019 £
Fixed assets		
Tangible assets	456,901	476,831
Investments	1	1
	<u>456,902</u>	<u>476,832</u>
Current assets		
Stocks	33,885	38,229
Debtors	1,087,420	969,723
Cash at bank and in hand	12,275	170,099
	<u>1,133,580</u>	<u>1,178,051</u>
Creditors: amounts falling due within one year	<u>(894,366)</u>	<u>(983,797)</u>
Net current assets	<u>239,214</u>	<u>194,254</u>
Total assets less current liabilities	<u>696,116</u>	<u>671,086</u>
Creditors: amounts falling due after more than one year	<u>(165,139)</u>	<u>(164,352)</u>
Net assets excluding pension liability	<u>530,977</u>	<u>506,734</u>
Net pension liability	(1,262,000)	(3,529,000)
Net assets including pension liability	<u>(731,023)</u>	<u>(3,022,266)</u>
Funds		
Designated funds: Investment Reserve:		
Unallocated	258,747	293,401
Allocated	55,901	37,660
Unrestricted funds: General Reserve	(1,045,671)	(3,353,327)
	<u>(731,023)</u>	<u>(3,022,266)</u>

These financial statements were approved by the Board of Trustees on 26 November 2020 and are signed on their behalf by: G Higgon and A Pringle - Trustees



Registered Office:

22 Quarry Road,
Irvine
KA12 0TH

01294 315120
info@kaleisure.com

North Ayrshire Leisure Limited is a Company
Limited by Guarantee No.202978 and a
recognised Scottish Charity No.SC029780.

KA Leisure is a trading name of
North Ayrshire Leisure Limited

www.kaleisure.com  



Recovery and Renewal Plan

Incorporating Financial Information 2021/2022

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Introduction

Our 20th year of operation has proven to be a year like no other. The impact of the Coronavirus has been profound. The lockdown in March 2020, resulted in the closure of all KA Leisure venues and the suspension of all our usual activity programmes and services. This presented major challenges both operationally and financially.

Against that backdrop our draft Recovery and Renewal Plan addresses the key challenges, offers priorities and future direction as we adapt following the COVID-19 pandemic. It sets out objectives and governance arrangements, informs the development of detailed renewal plans to chart the activities and milestones required to successfully deliver a phased unlocking, restoration and revision of service delivery in-line with the North Ayrshire Council Family. The additional support and guidance provided by North Ayrshire Council continues to be invaluable and is greatly appreciated.

Our approach builds on three key phases:

- **Response** - immediate actions to keep the organisation solvent and trading during severe restrictions. These interventions have shaped our response to recovery and renewal.
- **Recovery** - helping the organisation adjust and adapt to a new normal and overcoming the longer-term effects of COVID-19 – Building Back Better.
- **Renewal** - focusing on long term sustainability to build an adaptive, resilient model.

Our approach to recovery and renewal builds on the existing priorities and organisational strategy to achieving our ambition of:

North Ayrshire, More Active, More Often

Underpinned by our priorities:

Expanding our reach to maximise the impact on the health and wellbeing of North Ayrshire.

Balancing inclusiveness, accessibility and affordability with charitable sustainability.

COVID-19 Response

Our response to the pandemic has been underpinned by the need to ensure the safety and wellbeing of staff and customers. Maintaining critical functions to ensure business continuity enabled us to engage with customers to maintain activity levels and support vulnerable participants.

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A series of measures were implemented to reduce operating costs where possible, including accessing the UK Government Job Retention Scheme and decommissioning or temporarily repurposing facilities.

Encouraging and keeping people active remains our primary goal, however, the pandemic has presented new challenges in how that is achieved. In addition, it has brought into stark focus the importance of using physical activity as an intervention to address public health, support underlying health conditions and engage with communities.

During this initial response period, it was critical for us to engage and maintain a strong ongoing relationship with our customers. As many turned to digital channels, we quickly reviewed, adapted and transferred our current activity and delivery programmes online. A dedicated health and wellbeing portal was also created to keep customers engaged, supported and informed.

Our response phase included:

- Digital Fitness Provision
- Digital Physical Activity on Referral
- Digital Mind and Be Active
- Virtual Walks
- Telephone Support Programme
- A Programme of Partner Intervention & Support

Beyond the immediate challenges and disruptions, the pandemic has shown many aspects of our organisation at its best. We have responded with outstanding dedication and skill to rapidly develop new ways of delivering continued provision of essential activities safely.

#StayHomeStayActive MAKE THE COMEBACK

(1st April 2020 – 31st December unless stated otherwise)



Physical Activity on Referral

725 Online Classes delivered
7,214 Attendances



Mind and Be Active

2 Support sessions per week
126 Facebook group members
7,016 Post engagements



Combined Website and COVID Portal Views*

158,592 Sessions
79,908 Users



Children's Activities Offered - Dance | Gymnastics | Family Fitness | Pre-school

*1st April 2020 – 25th January 2021



Facebook Live and Youtube Classes

464,080 Minutes
of online classes viewed



MOVEGB (Streaming Platform)*

Attendance and Class Figures		
	Attendances	Classes
Total	2,615	343



Social Media

1,936,461 Facebook Reach
1,159,000 Twitter Impression



Virtual Walks

40 Virtual walks
318 Participants



Telephone Support Programme

6,114 Calls made
647 Activity programmes emailed



Active at Home Support Pages

6,722 Total page views
6,011 Unique page views



Community Sport Digital Training Opportunities

8 Workshops
72 Attendances



Elevate Online* **685** Members

COVID-19 Response

During the response phase, we engaged with regional and national forums to enable the development of a framework. This ensured we were fully compliant with Government and industry guidance for re-opening venues and restarting activities when permitted.

Our framework was implemented on a phased basis as restrictions eased, restarting activities in a COVID-19 secure environment while minimising re-opening costs.

This approach enabled us to gain the RoSPA COVID-19 Compliant Award and re-build customer confidence by clearly defining service standards, addressing health and safety requirements, promoting physical distancing and implementing enhanced cleaning regimes. In addition, we created a customer engagement campaign to accompany this – ‘Make the Comeback’. This was developed to give the public confidence that our facilities were safe and COVID-19 secure. We utilised a variety of communication channels to connect with customers and capture their feedback.

Performance

In line with Government guidance, activities recommenced beginning with golf at the end of May, followed by sports pitches in July. Indoor services restarted with fitness activities and swimming pools at the end of August.

The following graph provides customer visit information and performance for the current financial year:

- A comparison of overall customer visits for the first 9-months of the existing financial year 2020/21, to the corresponding period of 2019/20 and the current year target.
- A comparison of overall customer visits projected for 12-months of the existing financial year 2020/21 to the corresponding period of 2019/20 and the current year target.
- The projected customer visit target for 2021/22.

As restrictions eased, we were able to phase recommencement of activity complying with reduced capacity restrictions, resulting in customer visits being significantly impacted, in particular fitness activities. Customer visits for fitness activity account annually for over 50% of all visits with around 1.5 million attendances, generating over £2 million income each year.

The introduction of the Scottish Government's tiered response in October led to North Ayrshire being placed into tier 3 and adult group activity and contact sports being suspended. North Ayrshire's inclusion in tier 4 which began on 26 December 2020 suspended all activity with the exception of golf.

At the end of December 2020, less than 70,000 visits had been recorded to fitness activities, over 1 million less than the corresponding period in 2019.

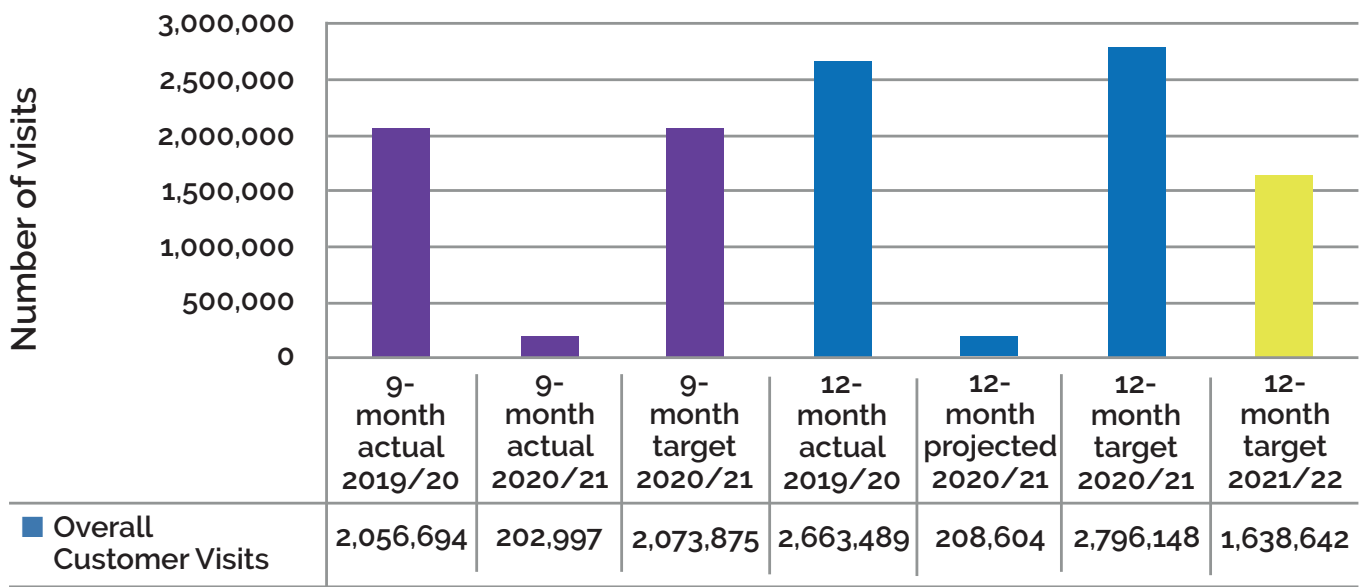
Overall membership numbers reduced from over 9,600 in March 2020 to under 5,500 in December 2020.

We do not anticipate the current tier 4 restrictions being relaxed until April 2021 at the earliest and our projected customer visits for the existing financial year are reflective of only golf continuing to operate.

Our customer visit target for 2021/2022 aims to balance our ambition with a realistic approach. The impact of venue closures and restricted capacities upon re-opening will be apparent for the foreseeable future and reinforces the requirement to develop and implement a flexible Recovery and Renewal Plan. To achieve this continued collaborative working with North Ayrshire Council and other partners is essential.

Moving into the new financial year, regaining our pre-pandemic performance is our goal, however, we recognise this will not be achieved in a short period of time and that we will continue to require support.

Overall Customer Visits



COVID-19 Recovery and Renewal

The pre-COVID-19 challenges North Ayrshire faced have been accelerated by the pandemic and as an organisation, we now need to rethink and reimagine how we keep movement, physical activity and sport central to the lives of everyone in our community.

Fundamental to this is a reshaping of services we deliver to ensure a sustainable balance of income generation with wider social objectives to reduce health inequalities. Adapting and revitalising our approach for the present times we are living in and the future we want to build is crucial.

Recovery will present challenges as it is unlikely we will be able to return to pre-pandemic ways of operating for a considerable period of time. This is an opportunity to pause and to review how services are provided, how they are best delivered, and the most appropriate operating model to meet community needs and mitigate the financial impact.

We will draw on existing evidence, insight and experiences, as well as lessons learned from the pandemic to ensure we have the resilience and agility to re-shape our organisational priorities. Creativity and innovation will be at the core of our approach.

Now more than ever we need to respond to people's day to day lives and circumstances to make sure that everyone has opportunities and options to be active in a way that works for them. We know people with the most to gain from being active are often the least able to participate. Therefore, the pandemic has reinforced our commitment to improve health and reduce inequalities across North Ayrshire.

The strength of our partnerships shone through in the initial response and we have well-established forums for networking, collaboration and mutual support. This joint work provides a solid foundation on which to rebuild a sustainable organisation.

We have identified three key areas where we will concentrate our efforts to gain the greatest impact:

- Venue Portfolio
- Reinvent & Reimagine
- People & Partnerships

Venue Portfolio

Our portfolio of venues and diverse programmes offered across North Ayrshire's 6 localities boast a range of social and recreational opportunities which previously attracted in excess of 2 million attendances each year. Our venues are key to supporting positive health and well-being and contributing to the reduction of health inequalities.

Within our renewal phase a review of venues is currently being undertaken. The initial review has included fitness and swimming operations to meet demand and optimise operational efficiencies. Future venue reviews will be necessary to ensure sustainability whilst considering changing community needs and other local provision.

Reinvent & Reimagine

The impact of the pandemic will be a feature of our daily lives for the foreseeable future. Through consultation, we can better understand the community context and develop relationships which will increase participation. We need to adapt and expand our current service provision to meet the requirements of a new operating environment and generate income to ensure our sustainability.

We are confident that the following areas will generate necessary income and make a valuable contribution to wider social objectives across North Ayrshire.

● Development of Outdoor Activity Programme -

We are fortunate in North Ayrshire to have some of the best outdoor spaces, beautiful beaches and countryside to be active in. Our renewal programme will develop opportunities and innovative ways to encourage the use of green space. This will include fitness programmes, physical activity sessions, community wellbeing initiatives, gardening and the introduction of the 'Fitbox' concept to enable expansion of an outdoor group fitness programme.

Our outdoor activities will also feature an expansion of the KA Walk Programme by introducing a series of health walks to enhance existing opportunities and accommodate participants as part of the Physical Activity on Referral Programme. Volunteer training will continue to support and promote social connectivity and the benefits of being active outdoors.

● Health and Wellbeing Service -

The service is currently being reviewed and re-designed to continue to support individuals to develop the knowledge, skills and confidence they need to improve their health and wellbeing. The service will continue to deliver innovative programmes through collaboration with key partners and engage with priority groups, including those who are vulnerable, isolated and at greatest risk of inactivity. Providing early intervention by offering the right support at the right time remains essential.

Whilst COVID-19 is still a relatively new virus, we are learning more as data becomes available and it is clear that long covid can have a major impact on the lives of those affected. Our existing Physical Activity on Referral Programme - 'Active North Ayrshire', is flexible to respond sensitively and effectively to accommodate the requirements of this condition.

It has also reinforced the importance of our contribution to improving health and well-being, including responding to the direct impact of COVID-19 and redoubling our efforts to reduce health inequalities more broadly. This includes concurrently implementing a health impact assessment process, to provide a mechanism to ensure that any potential negative impacts are minimised and that opportunities are taken to improve the health and well-being of vulnerable population groups.

● Boutique Fitness Studios -

Boutique fitness studios have increased in popularity in recent years. A venue that offers a smaller, more personal group exercise space focused on a particular fitness activity area, provides a unique experience of fun, intensity and social fitness. The small footprint of a boutique studio also allows retail units to be utilised providing a premium fitness offering in local settings. The premium fitness offering income potential enables a range of targeted activities and interventions remain accessible, affordable and inclusive.

● Active Zone & Health and Wellbeing Hub at Bridgegate -

An innovative venue providing an opportunity to engage individuals who traditionally may not have accessed our leisure venues and activities previously. The venue will offer a variety of health screening and wellbeing services to support individuals access physical activity programmes. In addition, to complement the existing Pre 5 programme a range of physical activity opportunities for families providing interactive music and movement classes for babies and toddlers will be available. The venue will also provide an opportunity for partners to offer accessible, complementary services.

● Digital Development –

It has been imperative to develop our digital programme and expand our digital capabilities to meet changing customer expectations. We have worked with leading leisure industry providers to develop a solution that combines the motivation and social connection of live fitness experiences in our venues, with the convenience of digital workouts at home. Our digital platform provides live class streaming and on-demand classes, ensuring vital customer engagement and interaction is retained. To maximise digital opportunities and continue to reduce health inequalities emerging from the pandemic, we will continue to work with partners to support digital inclusion.

● Health Improvement and Weight Management –

Since the start of the COVID-19 pandemic, a renewed focus has been placed on improving our lifestyles and achieving a healthy weight. We recognise the significant challenge that this presents and the important role that physical activity has in improving an individual's health and well-being.

Building on our existing targeted weight loss programme 'Weigh to Go', we will develop a universal weight management programme which will include, access to a range of fun physical activity options, digital tracking and meal planning, peer support, and access to a supported education programme to sustain long term weight loss.

● Mental Health and Wellbeing –

We are dedicated to promoting the positive benefits that physical activity has on mental health and wellbeing. As part of our renewal plans, our innovative programme, 'Mind and be Active', will be developed to accommodate children and young people. We will work with health partners, young people and their families to co-design and pilot physical activity interventions to support mental health and wellbeing. Key features will include digital peer support, outdoor physical activity interventions and enhanced social interaction opportunities.

● Community Sport –

We believe that through sport we have the power to change lives. We are passionate about creating environments that are welcoming, inclusive, and fun. It is vital that we better understand and meet the needs of communities who may experience barriers to participation with a particular focus on age, disability, gender, and social economic disadvantage.

To enhance the current provision of sport and physical activity opportunities across North Ayrshire, we shall launch 'INSPIRE', a children and young people's multi activity membership which offers unlimited access to community sport, arts and drama opportunities. This collaborative programme recognises that positive experiences for children and young people to participate in a variety of inspiring activities can help build the foundations for an active life.

● Review of pricing –

We remain committed to keeping our activities accessible, affordable and inclusive, through the effective use of resources and investment. However, we recognise that providing low-cost activity alone does not lead to engaging those who would benefit most from participation in physical activity. We need to continue to balance our pricing strategy with resourcing targeted interventions through a whole systems approach to ensure we engage with the vulnerable and those groups most excluded.

People & Partnerships

The future success of the organisation will depend on our ability to adjust to new ways of working. As we grapple with the challenges emanating from COVID-19 we recognise the requirement to consider how our resources can flex and adapt to new delivery methods.

Delivering an agile and resilient structure, that provides a solid foundation for creating an innovative, engaging and collaborative work-force with the right skills will be key to our success.

To remain successful, thriving and sustainable we need to set out the future direction of the organisation and define what success looks like. To maintain high levels of creativity and innovation greater emphasis will be placed on the development of:

- Consultation, engagement and co-designing of services
- Building capacity
- Continual reflective learning
- Data, evidence and insights
- Training, skills, tools and resources
- Communication and collaboration

As a committed member of the North Ayrshire Community Planning Partnership, we are passionate about working collaboratively with our partners and like-minded organisations to increase activity levels, reduce inequalities and improve the health and wellbeing of our communities across North Ayrshire.

We have demonstrated that as an organisation we have the capacity to work in partnership to respond dynamically and work towards sustainable recovery and renewal. Nurturing existing, and developing new partnerships are crucial to ensure we can fulfil and achieve our future goals.

Financial Information

Current Year Position January 2021

We have been significantly impacted by COVID-19 and this has placed us in a challenging position financially since the closure of all venues in March 2020. In addition, we do not anticipate the current tier 4 restrictions easing until April 2021 at the earliest.

The probable outturn exercise carried out in January 2021 anticipates a deficit at the financial year end of £1,928,121 against 2020/21 budget. The table below shows the current overall financial position.

Annual Budget 2020/2021

	Annual Budget (£)	Probable Outturn (£)	Variance on Budget to Date (£)
Expenditure	8,453,660	6,596,354	(1,857,306)
Income	8,458,871	4,673,444	3,785,427
(Surplus)/Deficit	(5,211)	1,922,910	1,928,121

We are grateful to North Ayrshire Council for providing additional financial support within the current financial year 2020/21 ensuring the ongoing sustainability of the organisation.

Financial Information 2021/22

The impact of COVID-19 is ongoing and we will continue to experience significant financial challenges, resulting in an anticipated operating deficit for the financial year 2021/2022.

Financial planning for the financial year 2021/22 has been undertaken in partnership with North Ayrshire Council to develop efficiency savings and optimise income by taking an innovative approach to utilising technology, collaborating with new partners and providing responsive programmes to aid the future sustainability of the organisation.

A scenario planning model aligned to the Scottish Government tier system has been used to prepare three indicative projections for the financial year 2021/22. Projections have been developed for each of the scenarios estimating the number of months we will spend in each tier.

This information is detailed in the table below:

Tier Level	Number Of Months In Each Tier		
	Scenario1	Scenario2	Scenario3
Full lockdown	0	0	0
Tier 4	0	3	1
Tier 3	4	9	11
Tier 2	3	0	0
Tier 1	2	0	0
Tier 0	3	0	0

Three indicative financial projections have been prepared utilising the scenario model outlined above, North Ayrshire Council's 2020/21 contribution as a base budget and includes an anticipated annual net saving of £509,731 from the recovery and renewal plan actions. These are detailed in the following table:

	2020/21 Budget	2021/22 Scenario 1	2021/22 Scenario 2	2021/22 Scenario 3
Expenditure	£	£	£	£
Employee Costs	5,632,238	5,088,786	4,591,900	4,883,222
Property Costs	1,413,939	1,404,274	1,129,456	1,320,969
Supplies & Services	408,082	402,662	402,662	402,662
Transport & Plant	44,363	44,363	44,363	44,363
Administration Costs	347,050	346,100	346,100	346,100
Payments to Other Bodies	163,244	163,244	163,244	163,244
Finance/Other Expenditure	444,744	422,766	357,867	382,337
Total Expenditure	8,453,660	7,872,195	7,035,592	7,542,897
Income				
North Ayrshire Council	2,705,624	2,705,624	2,705,624	2,705,624
Other Income	5,753,247	4,596,455	3,407,835	3,625,421
Total Income	8,458,871	7,302,079	6,113,459	6,331,045
Surplus/(Deficit)	5,211	(570,116)	(922,133)	(1,211,852)

The anticipated savings of £509,731 identified within our recovery and renewal plan actions are realistically achievable as £263,643 has already been realised through the review of fitness and swimming pool operations. Despite these savings, the potential level of financial deficit facing the organisation ranges from £570,116 to £1,211,852.

The following information and assumptions have been considered within the financial information above:

- We will continue to utilise the UK Government Job Retention Scheme whilst available. It has been assumed that the scheme will be extended which will allow us to recover 80% of furloughed employee costs.
- For all non-payroll expenditure, 2% inflation has been applied.
- Access to Community Sport Hub venues is included.
- Physical distancing restrictions and COVID-19 compliance measures will remain in place across all tiers limiting capacity.
- No inflationary adjustments have been applied to indicative income projections.

Variances in Budget Options 2021/22

Options for reducing the current levels of expenditure are limited. In each scenario, employee costs vary due to accessing the UK Government Job Retention Scheme and a reduction in property costs as a result of reduced energy consumption.

Governance

The criticality and magnitude of our recovery requires a robust governance framework to provide assurance on the implementation of the Recovery and Renewal Plan. Regular oversight and scrutiny of organisational performance, financial projections, HR and social outcomes will be provided by the KA Leisure Audit Committee and North Ayrshire Council. Providing an opportunity and authority to adjust the implementation of our recovery and renewal plan to ensure that all risks and liabilities are managed timeously.

North Ayrshire Council has committed to work with us and support us financially in 2021/22. To ensure financial transparency, our performance will be included within North Ayrshire Council's in year financial monitoring process.

Looking Ahead

As we look to the future, we recognise there will still be many more challenges ahead and it is difficult to predict future performance and impact, however, we are positive and confident that we have developed an approach to recovery and renewal that builds on our ambition to keep North Ayrshire More Active More Often.

We would like to take this opportunity to thank our customers for their continued support and commitment. Our achievements to date would not be possible without the dedication, support and hard work of our staff, Board of Directors and dedicated partners.

We have been fortunate to strengthen our working relationship with our foremost partner North Ayrshire Council during the pandemic and we would like to express our sincere thanks and gratitude for the continued support and guidance received.

