



Recovery & Renewal Interim Update Report

Incorporating Financial Information 2021/2022

Contents

Introduction	3
<hr/>	
COVID-19 Recovery Progress and Performance	
Performance	4-6
Venue Portfolio	7
Reinvent & Reimagine	7-8
People & Partnerships	8
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Financial Information	
KA Leisure Projected Deficit Position Financial Year 2021/22	9
Looking Ahead	10

Introduction

In February 2021 North Ayrshire Council Cabinet approved the KA Leisure Recovery and Renewal Plan. The impact of the COVID-19 pandemic has been profound presenting us with major challenges both operationally and financially. Our Recovery and Renewal Plan addresses the key challenges, identifies priorities and future direction as we adapt following the COVID-19 pandemic.

Due to criticality and magnitude of our current situation, North Ayrshire Council committed to work with us and support us financially as we implement our Recovery and Renewal Plan and improve our financial resilience during 2021/22.

This is a time critical focus for business sustainability and development, requiring a robust governance framework to provide assurance on its implementation and success.

This interim report provides an update on progress, organisational performance, financial projections and identified actions over the coming months.

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 existing priorities of:

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 Recovery Progress and Performance

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.

Beyond the immediate challenges and disruptions, the pandemic has shown many aspects of our organisation at its best. We have developed new ways of delivering activities whilst restarting and expanded existing provision.

#STAYACTIVE

April – August 2021

Physical Activity on Referral

196 Online Classes

1,485 Attendances

311 Centre classes

1,452 Attendances

Mind and Be Active

270 People Supported

2 Support Sessions per week

174 Facebook Group Members

2,273 Post Engagements

Combined Website and COVID Portal Views

197,724 Sessions

95,732 Users

Learn to Swim

773 Participants per week

Memberships

4,538 Fitness & Swim Members

491 Golf

Elevate Online (Since April 2021)

825 Members

	Attendances	Classes
Total	3,631	862

Social Media

831,000 Facebook Reach

156,200 Twitter Impression

Community Sport Programme

12 Sports

42 Classes per week

Summer of Fun

5,250 Total attendances

Walks

158 Group Walks

702 Attendances

65 Buddy Walks

Bridgegate Active Zone and Health and Wellbeing Hub

Opened May 2021

44 Attendances

176 Buddy Walks

Children & Young Peoples Mental Health Pilot Project

Partnership with CAMHS

12 Week Project

6 Families Supported

15 Sessions Delivered

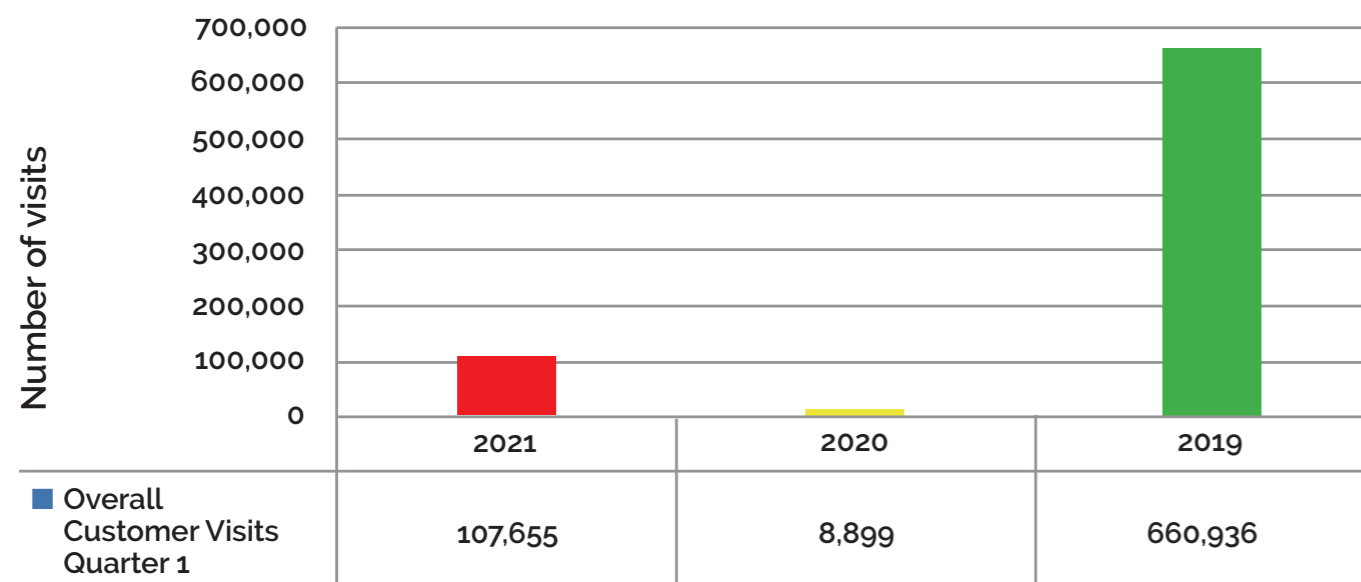
Doorstep Visits

31 People Supported

159 Visits

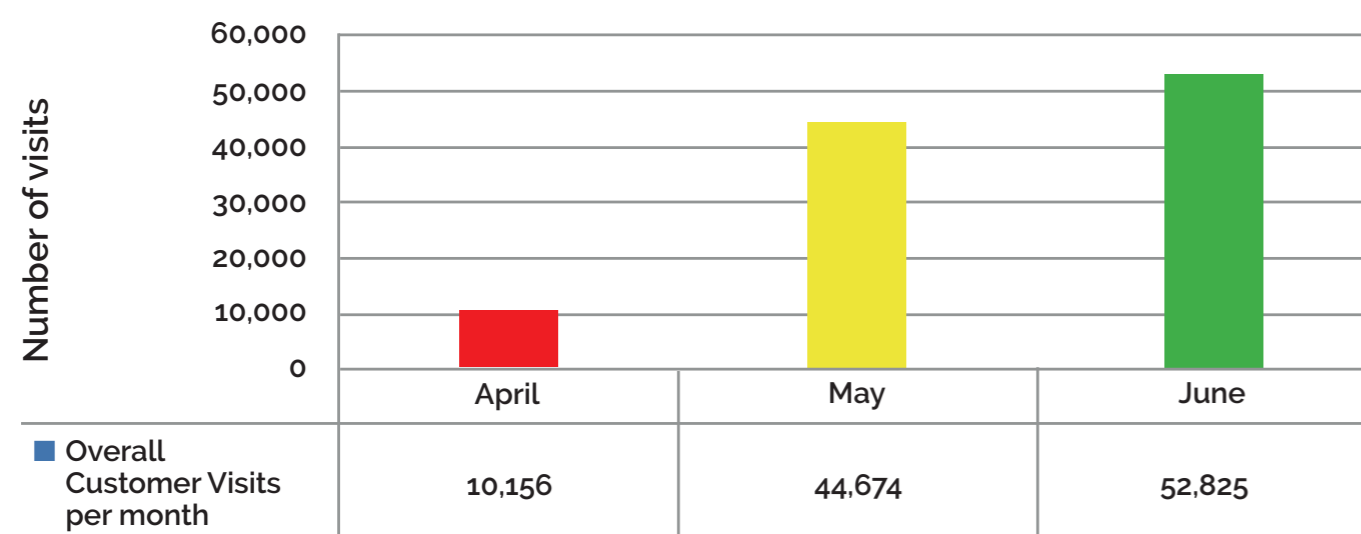
We continue to adopt a phased approach to re-opening venues and restarting activities in line with Scottish Government guidelines and restrictions. Whilst it is encouraging that we have moved beyond level 0, several restrictions remain in place impacting available capacity and therefore attendances recorded.

Overall Customer Visits Quarter 1



Performance has been impacted during the first quarter of the financial year by the necessary restrictions to prevent the spread of COVID-19. Although, customer visits have increased in comparison to 2020 they still remain significantly below 2019 levels. However, as restrictions ease there has been a gradual increase in visits recorded.

Overall Customer Visits per Month



Regaining pre-pandemic performance remains our goal, however, we recognise this will be challenging and is time critical. We have established a strong foundation and 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 venues remain key to supporting positive health and well-being. During the first part of the financial year revised operations have successfully been implemented to mirror customer needs and optimise operational efficiencies across our aquatic and health and fitness provision. Further venue reviews are being undertaken in line with changing community needs and the introduction of new products within our health and fitness portfolio.

Reinvent & Reimagine

The world that we were active in has changed quite considerably and the impact of the pandemic will be a feature of our daily lives for the foreseeable future.

We have, and continue to adapt, innovate, and expand our current service provision to meet the requirements of a new operating environment, increase participation levels and build capacity to generate income ensuring our sustainability.

Fitness

Customer visits to fitness activities normally account for over 50% of annual visits and over £2million annual income. During the pandemic we have experienced a loss of over 50% of our fitness memberships. The introduction of new health and fitness products and membership categories in the coming months will increase membership sales, membership yield and income streams. The introduction of new products will be supported by industry renowned Health and Fitness Specialists to improve overall service provision and meet the financial targets identified in the Recovery and Renewal Plan.

Included within our revised product portfolio is our Outdoor Elevate Fitness series. The pilot has successfully launched at the Portal and during the coming months our 'Fitbox' outdoor concept will be rolled out at other venues in North Ayrshire. In addition to our venues we have been actively utilising our urban and green space environments to expand our health walk programme and community garden initiatives.

Furthermore, during the coming months our newly revised Elevate Series small group

training and Personal Training products will be launched along with our new weight management programme and the introduction of innovative group exercise provision.

Health and Wellbeing Service

The Health & Wellbeing Service was deemed essential prior to the pandemic emerging, and now a year on its importance has been reinforced. We know that prevention, early intervention and enabling people to access the right support at the right time is essential.

The service continues 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.

A report has been produced to outline the Health & Wellbeing Service response to the COVID-19 pandemic from April 2020 to March 2021. It captures our pandemic experience and the impact on our service, reflects on our achievements, shares inspiring participant journeys and provides strategic direction for our future delivery.

Going forward, our Health & Wellbeing Service has been developed and expanded to include:

- **Bridgegate Active Zone and Health and Wellbeing Hub -**
Our new innovative venue in Bridgegate, opened in May 2021. Located in the heart of Irvine, it offers a range of physical activity opportunities and health and wellbeing initiatives for all ages. In addition, the venue provides an opportunity for partners to offer accessible services to specific target groups and support engagement.
- **Active North Ayrshire Online -**
This provides opportunity for participants to keep active at home and continue to benefit from the condition specific and specialised instruction.
- **Doorstep Visits -**
One to one support was introduced for our more frail and vulnerable participants who are at high risk of experiencing a fall and losing confidence in functional capacity. Doorstep visits offer functional assessments and tailored physical activity sessions to increase strength and balance were provided.

● **Buddy Walks-**

One to one Buddy Walks support participants with mental health issues such as depression and social anxiety. Participants are supported to progress into attending group walks to benefit from social interaction and peer support.

● **Mind and be Active -**

Our innovative mental health and wellbeing programme, 'Mind and be Active', is being developed to accommodate children and young people. Collaborating with Child Adolescent Mental Health Services (CAMHS), young people and their families we have delivered our first pilot project offering a range of physical activity opportunities and social interaction to improve mental health and wellbeing of young people in the pre-diagnostic stage of Autism. Due to the success of the pilot a further project is due to begin in September and will provide us with valuable insight and learning to enable us to replicate similar targeted projects across North Ayrshire Localities.

Community Sport

To enhance the current provision of sport and physical activity opportunities across North Ayrshire, our 'INSPIRE' membership for children and young people will be available from October 2021. Inspire will provide opportunities for children and young people to experience sporting activities, arts, drama, dance and music.

This active for life theme continues with the development of a recreational programme of adult activities. This new programme will offer opportunities for adults 16 to 80+ to participate in a range of sports in a sociable environment.

Pricing

While we remain committed to ensuring our activities remain accessible, affordable, and inclusive, this alone does not guarantee engagement with those that would benefit the most from participating in physical activity. During the current financial year, we have supported our partners to provide targeted interventions to those most in need.

In addition, we have introduced a standardised pricing strategy to ensure all customers continue to receive outstanding value for money, while those that need greater support receive this in the most appropriate manner.

The introduction of new health and fitness products and membership categories will provide increased options for customers and assist with developing our financial resilience.

Digital

Digital platforms will continue to be an integral component of our continued offer. We have implemented 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 whilst still being flexible and responsive to current lifestyles.

People & Partnerships

Throughout the pandemic our staff have demonstrated their ability to work dynamically and adapt to different ways of working. Our future success will depend on us delivering an agile and resilient structure in order to effectively deploy the future phases of our Recovery and Renewal Plan.

Structures are being considered in order to improve team performance, communication, manage workload and improve employee health and wellbeing.

To deliver increased sales of the newly introduced products and our memberships our people strategy includes the introduction of a Sales Team. This will be combined with a sales training programme for all existing staff to ensure that product range and the key messages are promoted to customers appropriately.

Financial Information

Financial planning for 2021/22 was completed in partnership with North Ayrshire Council using a scenario planning model based on estimates of the number of months spent in each tier level. Three indicative budgets were developed from the scenario planning model. The deficit for each budget scenario is noted below:

Scenario 1	£570,116
Scenario 2	£922,133
Scenario 3	£1,211,852

The financial projections have been updated based on current information. Whilst several restrictions have eased there are still some restrictions in relation to ventilation and capacity levels that prevent activities operating at full capacity. This is reflected in the revised projection below.

KA Leisure Projected Deficit Position Financial Year 2021/22	
Expenditure	£
Employee Costs	4,945,886
Property Costs	1,486,081
Supplies & Services	444,805
Transport & Plant	33,817
Administration Costs	362,200
Payments to Other Bodies	154,581
Finance/Other Expenditure	442,744
Total Expenditure	7,870,114
Income	
North Ayrshire Council	2,705,624
Other Income	4,093,210
Total Income	6,798,834
Net Projected Deficit Position for Financial Year 2021/22	-1,071,280

The updated financial projections take into consideration delayed access to the Community Sports Hub facilities within the school estate, the ending of the UK Government Retention Scheme, actual to date financial information and our phased approach regarding restarting and expanding activities in line with Government guidance.

We recognise the projected deficit position is unsustainable and that the pace of

development is time critical. Options to reduce the current levels of expenditure are limited and our focus remains on re-engaging with our former members and introducing further innovative and attractive products for our customers.

Financial projections will continue to be updated and reported to the KA Leisure Board and North Ayrshire Council.

Looking Ahead

Our approach to recovery and renewal builds on our ambition to keep North Ayrshire More Active More Often. We will continue to work in partnership with North Ayrshire Council to improve our financial resilience during the current financial year to develop efficiency savings and optimise income.

We would like to thank North Ayrshire Council for their continued support and guidance.