



| 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
Diversiory
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.

- Awarded £80,000 from Commonwealth Games Legacy Fund for Mind and Be Active mental health improvement programme.

2015

- Swimming Lesson direct debit introduced.
- 1st RoSPA Gold Award.

2014

Finalists in UK Active Flame Awards – Healthy Partnerships Category.

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.

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.

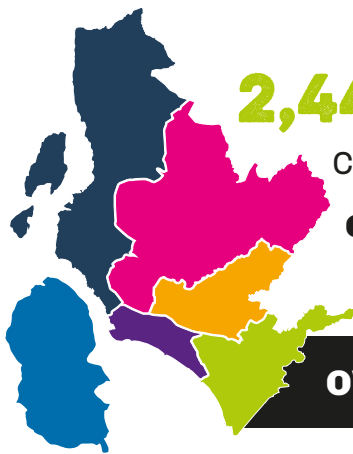
As well as encouraging active participation the continued success of our fitness activities is crucial to the maintenance and development of our wider programmes. The income from fitness activity ensures a range of activities and programmes remain accessible, affordable and inclusive particularly for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

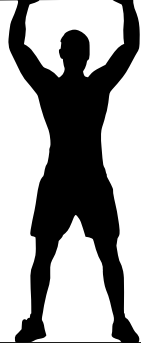


FITNESS
VISITS WERE
54%
of overall
visits

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

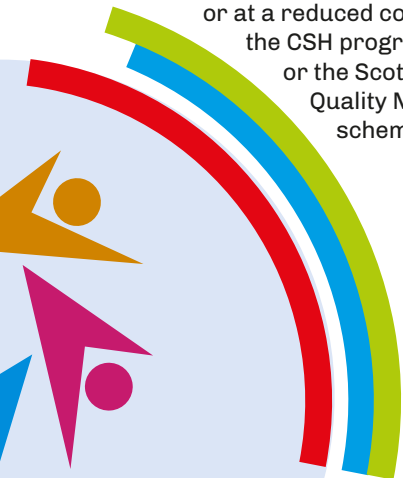
Volunteers are an integral part of sport across North Ayrshire. There are currently 62 affiliated clubs in our Community Sport Hub Programme and 559 volunteers across the area.

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

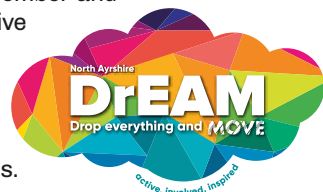
We are delighted to have developed a new partnership with Kilmarnock FC, Scottish FA South West and the Kilmarnock Community Sports Trust (KCST). The partnership includes access to project funding, affiliation to the club, player and stadium visits and shared marketing and branding opportunities

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.



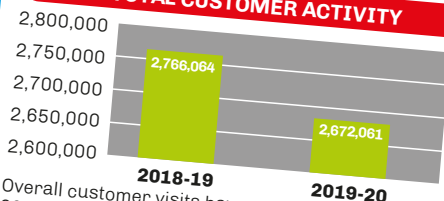
ACHIEVEMENTS AND PERFORMANCE

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

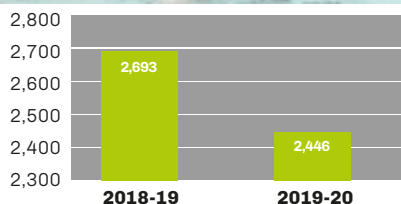


Overall customer visits have reduced by 3.4% during 2019/20. Attendances across all activities have been affected by the coronavirus pandemic. A breakdown of activity areas is provided in the following graphs:

SWIMMING POOL ATTENDANCES (SPI 1)



(per 1,000 population)

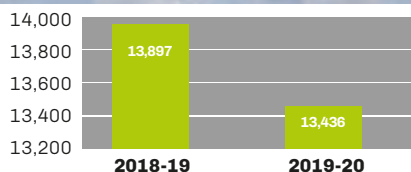


Aquatic activity has decreased in comparison to the previous year. The biggest reduction was due to a 12-week closure of the swimming pools at the Portal to complete necessary remedial maintenance.

INDOOR ATTENDANCES (SPI 2)



(per 1,000 population)

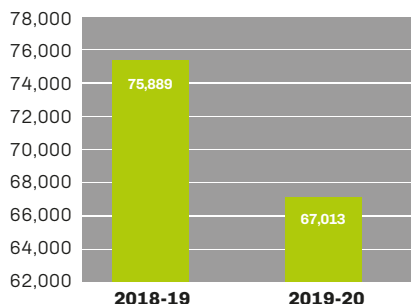


Despite the pandemic indoor sports attendances have maintained a similar number of visits to the previous year.

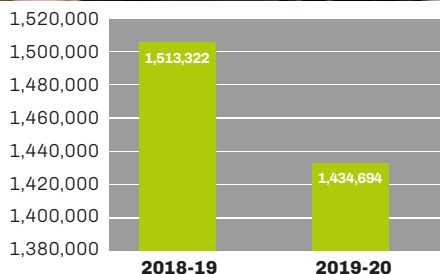
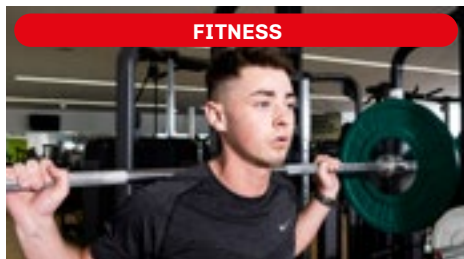
ICE



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.

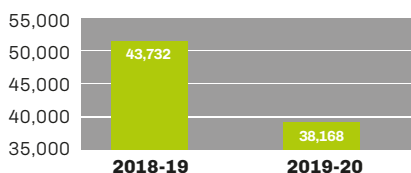


FITNESS



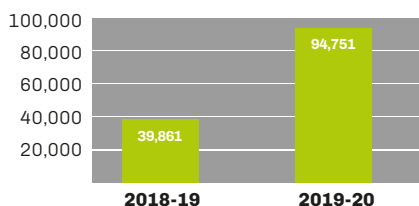
The implementation of a pricing review in May 2019 resulted in a reduction to memberships and therefore customer visits. Attendances had been gradually recovering up until January 2020 however they were impacted by the pandemic during February and March 2020.

GOLF COURSES



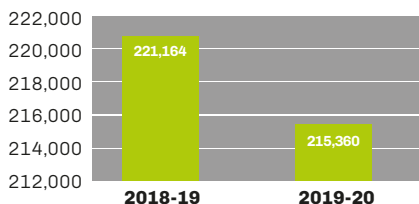
Customer visits to our three golf courses have been impacted during the latter part of the financial year due to a combination of inclement weather and the coronavirus pandemic.

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).



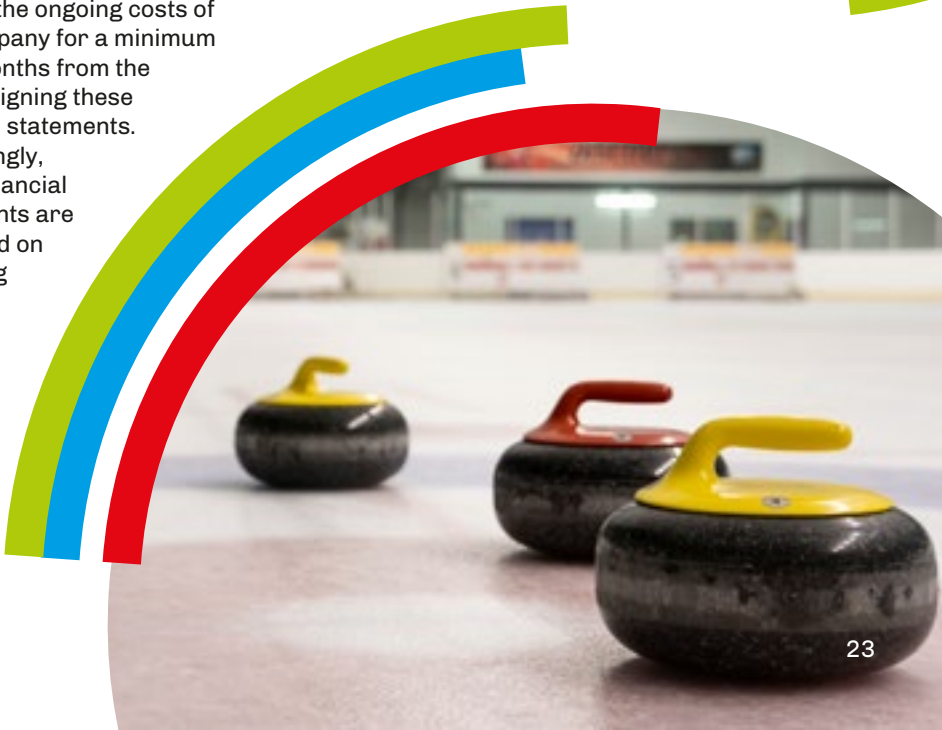
Pension Deficit

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



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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  