



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



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

*1st April 2020 – 25th January 2021

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.

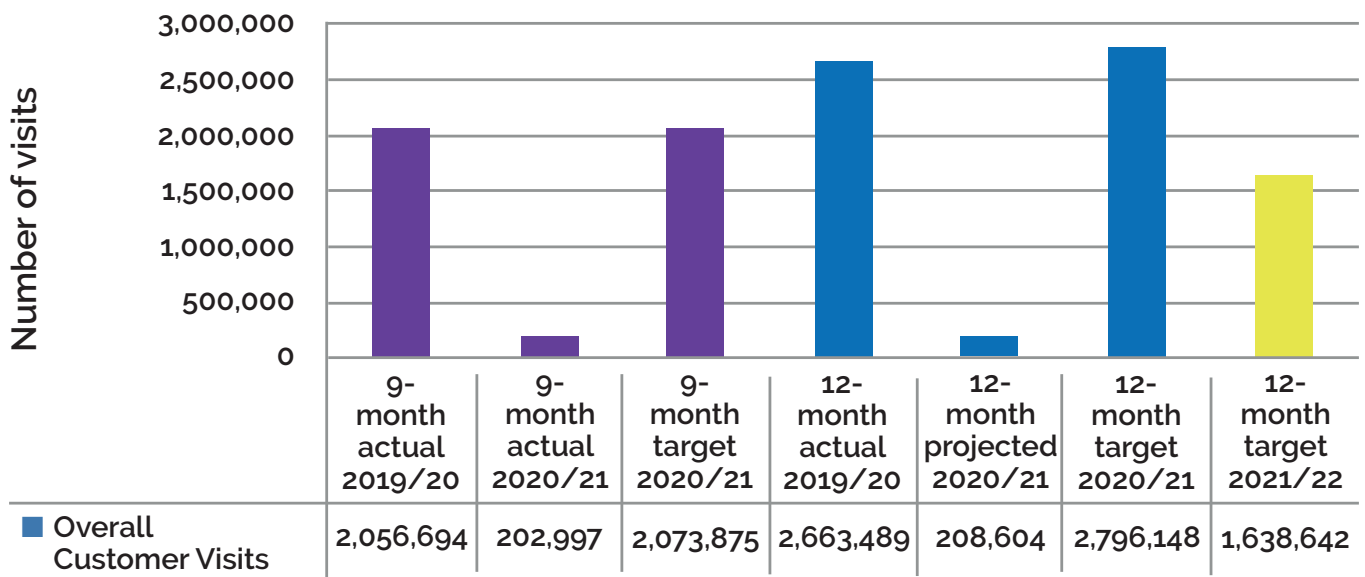
Performance

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.

Overall Customer Visits



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.

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.

