

# NOTICE OF MEETING

<b>Meeting:</b>	<b>CABINET</b>
<b>Date and Time:</b>	<b>WEDNESDAY, 17 FEBRUARY 2021, AT 10.00 AM*</b>
<b>Place:</b>	<b>MICROSOFT TEAMS - ONLINE</b>
<b>Enquiries to:</b>	<b>democratic@nfdc.gov.uk</b> <b>Tel: 023 8028 5072 - Matt Wisdom</b>

## **PUBLIC PARTICIPATION:**

\* Members of the public may speak in accordance with the Council's public participation scheme:

- (a) immediately before the meeting starts, on items within the Cabinet's terms of reference which are not on the public agenda; and/or
  - (b) on individual items on the public agenda, when the Chairman calls that item.
- Speeches may not exceed three minutes.

Anyone wishing to speak should contact the name and number shown above no later than 12.00 noon on Friday 12 February 2021. This will allow the Council to provide public speakers with the necessary joining instructions for the Microsoft Teams Meeting.

**Bob Jackson**  
Chief Executive

Appletree Court, Lyndhurst, Hampshire. SO43 7PA  
[www.newforest.gov.uk](http://www.newforest.gov.uk)

**This Agenda is also available on audio tape, in Braille, large print and digital format**

---

# AGENDA

## **Apologies**

### **1. MINUTES**

To confirm the minutes of the meeting held on 3 February 2021 as a correct record.

### **2. DECLARATIONS OF INTEREST**

To note any declarations of interest made by members in connection with an agenda item. The nature of the interest must also be specified.

Members are asked to discuss any possible interests with Democratic Services prior to the meeting.

**3. PUBLIC PARTICIPATION**

To note any issues raised during the public participation period.

**4. COVID-19 RESPONSE AND RECOVERY - REPORT FROM THE LEADER OF THE COUNCIL**

To receive a verbal report from the Leader of the Council and Portfolio Holders.

**5. HOUSING REVENUE ACCOUNT BUDGET AND HOUSING PUBLIC SECTOR CAPITAL EXPENDITURE PROGRAMME 2021/22 (Pages 5 - 20)**

**6. MEDIUM TERM FINANCIAL PLAN AND ANNUAL BUDGET 2021/22 (Pages 21 - 40)**

**7. HEALTH AND LEISURE REVIEW - PREFERRED BIDDER (Pages 41 - 108)**

**8. EXCLUSION OF THE PUBLIC AND THE PRESS**

The report at item 7 (Appendix 5) of the agenda contains exempt information by virtue of Paragraph 3 in Part 1 of Schedule 12A of the Local Government Act 1972.

Notice is hereby given under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that this part of the meeting of the Cabinet may be held in private.

If required, the Chairman will move the following resolution:-

"That, under Section 100(A)(4) of the Local Government Act 1972, the public and the press be excluded from the meeting on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part I of Schedule 12A of the Act and the public interest in withholding the information outweighs the public interest in disclosing it."

Description of exempt information – Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**Part II - Private Session**

Members are reminded that reports and information relating to this session are not for publication and should be treated as **strictly confidential**.

## **NEW FOREST DISTRICT COUNCIL – VIRTUAL MEETINGS**

### **Background**

This meeting is being held virtually with all participants accessing via Microsoft Teams.

A live stream will be available on YouTube to allow the press and public to view meetings in real time and can also be found at the relevant meeting page on the Council's website, with this published agenda.

### **Principles for all meetings**

The Chairman will read out Ground Rules at the start of the meeting for the benefit of all participants. All normal procedures for meetings apply as far as practicable, as the Government Regulations do not amend any of the Council's existing Standing Orders.

The Ground Rules for all virtual meetings will include, but are not limited to, the following:-

- All participants are reminded that virtual public meetings are being broadcast live on YouTube and will be available for repeated viewing. Please be mindful of your camera and microphone setup and the images and sounds that will be broadcast on public record.
- All participants are asked to mute their microphones when not speaking to reduce feedback and background noise. Please only unmute your microphone and speak when invited to do so by the Chairman.
- Councillors in attendance that have not indicated their wish to speak in advance of the meeting can make a request to speak during the meeting by using the "raise hand" feature in Microsoft Teams. Requests will be managed by the Chairman with support from Democratic Services. Please remember to "lower hand" when you have finished speaking.
- The chat facility should not be used unless raising a point of order or providing the wording for a motion.
- All participants are asked to refer to the report number and page number within the agenda and reports pack so that there is a clear understanding of what is being discussed at all times.

### **Voting**

When voting is required on a particular item, each councillor on the committee will be called to vote in turn by name, expressing their vote verbally. The outcome will be announced to the meeting. A recorded vote will not be reflected in the minutes of the meeting unless this is requested in accordance with the Council's Standing Orders.

By casting their vote, councillors do so in the acknowledgement that they were present for the duration of the item in question.

### **Technology**

If individuals experience technical issues, the meeting will continue providing that it is quorate and it is still practical to do so. The Chairman will adjourn the meeting if technical issues cause the meeting to be inquorate, the live stream technology fails, or continuing is not practical.

### **Public Participation**

Contact details to register to speak in accordance with the Council's Public Participation Procedures are on the front page of this agenda.

In order to speak at a virtual meeting, you must have the facility to join a Microsoft Teams Meeting. Joining instructions will be sent to registered speakers in advance of the meeting.

The Council will accept a written copy of a statement from registered speakers that do not wish to join a Microsoft Teams Meeting, or are unable to. The statement will be read out at the meeting and should not exceed three minutes. Please use the contact details on the agenda front sheet for further information.

To:

**Councillors**

Diane Andrews  
Jill Cleary  
Michael Harris  
Edward Heron (Vice-  
Chairman)

**Councillors**

Jeremy Heron  
Alison Hoare  
Barry Rickman (Chairman)  
Mark Steele

CABINET – 17 FEBRUARY 2021

PORTFOLIO: HOUSING SERVICES

## HOUSING REVENUE ACCOUNT BUDGET AND HOUSING PUBLIC SECTOR CAPITAL EXPENDITURE PROGRAMME 2021/22

### 1. RECOMMENDATIONS

- 1.1 That the Cabinet be asked to approve the proposed planned maintenance and improvement works programme for 2021/22 – 2023/2024, as set out in Appendix 2.
- 1.2 That the Cabinet be asked to recommend to the Council that;
  - i) the HRA budget as set out in Appendix 1, of this report be agreed;
  - ii) from 04 April 2021, an increase in rents of 1.5% from the 2020/21 weekly rent level, in accordance with Government guidelines, be agreed;
  - iii) from 04 April 2021, an increase in service charges of 0.5% from the 2020/21 weekly service charge level, be agreed;
  - iv) a Housing Capital Programme to 2023/24, as set out in Appendix 3, be agreed.

### 2. INTRODUCTION

- 2.1 This report sets out the proposed Housing Revenue Account (HRA) budget, the proposed rent levels and other charges, the maintenance programme and a proposed Housing Public Sector Capital Programme for 2021/22 – 2023/24.
- 2.2 The proposed budgets for 2021/22 were considered by the Tenant Involvement Group during January 2021 and by Housing Overview & Scrutiny Panel on 20 January 2021. Their comments are set out in Sections 11 and 12.
- 2.3 The proposed HRA budget is attached as **Appendix 1**, and the proposed Capital programme at **Appendix 3**. Cabinet will be required to recommend budgets for consideration at Council on 25 February 2021.

### 3. KEY ISSUES

- 3.1 Members are asked to consider a number of financial issues for 2021/22.

#### 3.2 Housing Rents

- 3.2.1 The report identifies a proposed social rent increase of 1.5%, in line with the Government's current recommendation. It is the second increase, following a four year social rent reduction programme. Current indications are that annual increases of CPI +1% may be applied for a further three year period.
- 3.2.2 Following the rent increase, average weekly rents will be £102.08 for 2021/22. The actual increase will vary by property but will amount to an average increase of £1.51 per week.

### 3.3 Service Charges – Hostels & Older Persons Accommodation

3.3.1 The primary aim when reviewing and setting service charges is to ensure that relevant costs are fully recovered from those who benefit from additional services provided. A major review of charges was carried out for 2019/20 and a number of new chargeable units have been acquired during 2019/20 and 2020/21. A further review will be carried out during 2021/22 once two full year's figures are available and the impact of the changes made will be assessed. In light of this, it is proposed to simply increase charges for 2021/22 by an inflationary level of 0.5% but note that service charges for some properties will increase by this inflationary increase and up to a further £2 per week, due to the gradual withdrawal of protections in place from the 2019/20 review.

### 3.4 Garage Rents

3.4.1 It is proposed that there is no change to garage rents which were increased by 30p per week (2.9%) to £10.70 per week, plus VAT where applicable, in 20/21.

### 3.5 Planned Maintenance & Improvement Works

3.5.1 The report proposes total budgetary provision of £7.596 million for planned maintenance and improvement works to houses and estates. Details of the proposed works for 2021/22 and an indication of proposals for the following two years are set out in **Appendix 2**.

## 4. HRA INCOME 2021/22

4.1 Estimated total income for 2021/22 is £873,000 higher than the original budget for 2020/21. The income variations from the 2020/21 approved budget are set out below:

	£000	Paragraph
Dwelling Rents	(922)	4.2
Non - Dwelling Rents	73	4.3
Service Charges	(70)	4.4
Other Income	46	4.5
<b>Total</b>	<b>(873)</b>	

4.2 **Dwelling Rents (£922,000 increase)** – The proposed budget for 2021/22 includes the benefits of £396,000 arising from the proposed 1.5% rent increase and £590,000 from a net gain in stock numbers, but these are offset by a reduction of £64,000 from increased void levels.

4.3 **Non - Dwelling Rents £73,000** – This income is derived from garages and rents of other housing land. The overall decrease reflects the impact of reduced lettings due to voids and anticipated development opportunities on garage sites.

4.4 **Service Charges (£70,000 increase)** – Anticipated income will increase by £3,000 due to the proposed 0.5% increase and £67,000 due to new properties being subject to service charge and the impact of the 2019/20 review.

- 4.5 **Other Income £46,000** – Anticipated interest earnings have reduced by £63,000 due to a reduction in interest rates and following the utilisation of capital receipts and the Acquisitions and Development Reserve to part fund the capital programme but this is offset by an additional shared amenities contribution of £17,000 towards increased trees grounds maintenance costs included in special services.

## 5. HRA EXPENDITURE 2021/22

- 5.1 Budgeted operating expenditure for 2021/22 is £576,000 higher than the approved budget for 2020/21 and there is an increase of £647,000 in resources available for contribution to the capital programme, as detailed in paragraph 5.7. The major variations are set out below:

	£000	Paragraph
Cyclical/Reactive Maintenance	71	5.2
General Management	451	5.3
Special Services/Homeless Assistance	79	5.4
Rents, Rates, Taxes and other charges	23	5.5
Capital Financing Costs	(48)	5.6
Operating Expenditure	576	
Contribution to Capital - Supporting Housing Strategy	647	5.7
<b>Total</b>	<b>1,223</b>	

- 5.2 **Cyclical/Reactive Maintenance £71,000** – Increased maintenance budgets are due to pay and prices increases of £62,000 and other staffing costs/allocation changes of £9,000.
- 5.3 **General Management £451,000** - Supervision and Management budgets will increase due to pay and prices increases of £76,000, £37,000 for increased insurance premiums and £2,000 additional staffing allocations but these will be offset by reduced corporate cost allocations of £14,000 (principally due to a lower corporate ICT work programme). In addition, £200,000 has been allocated for Housing ICT system replacement and £150,000 for additional Stock Condition Surveyors but these costs will be funded from the ICT Replacement and Acquisitions and Development Reserves respectively.
- 5.4 **Special Services/Homeless Assistance £79,000** – An increase in budgets is due to pay and prices increases of £25,000, the inclusion of additional utilities budgets for new hostel units £16,000 and grounds maintenance budgets have been increased by £60,000 for additional tree works but these have been offset by a reduction of £22,000 in older persons accommodation utilities costs.
- 5.5 **Rents, Rates, Taxes and Other Charges £23,000** – Additional costs are due to the inclusion of new budgets for additional hostel units £9,000 and to an increase of £14,000 in the amount of Council Tax payments on void properties.

- 5.6 **Capital Financing Costs (£48,000)** – Interest costs have reduced by £101,000 due to lower interest rates and the repayment of the next £4.1 million instalment of the settlement loan in March 2021 but these have been offset by increased costs of £6,000 interest and £52,000 principal allowance repayment amount on internal borrowing for the proposed capital programme set out in Section 7 of this report.
- 5.7 **Contribution to Capital - Supporting Housing Strategy £647,000** – Any operating surplus, after transfers from earmarked reserves (see paragraph 5.3), is invested into the Housing Capital Programme. For 2021/22 this contribution is estimated at £9.120 million, an increase of £647,000 from 2020/21. The increase balances all of the other budget movements detailed earlier in this report to produce a break-even Housing Revenue Account budget.

## 6. HRA RESERVE BALANCE

- 6.1 The HRA Reserve balance as at 1 April 2020 was £1 million. This is considered to be a prudent level.
- 6.2 The original 2020/21 HRA budget showed a break-even position for the year. While there has been a number of income and expenditure variations during 2020/21, as reported to Cabinet in December 2020, these have largely been compensating and therefore no overall budget variations have been identified to date. Any variations identified at year end will be balanced by a transfer to or from the Acquisitions and Development Reserve, in accordance with current policy.
- 6.3 The proposed HRA budget for 2021/22 currently shows a net operating deficit position of £350,000 but this will be funded from earmarked reserves, resulting in no change to the general HRA reserve balance. The estimated Housing Revenue Account balance at 31 March 2021 and 31 March 2022 will therefore be £1 million.

## 7. CAPITAL PROGRAMME

- 7.1 The proposed Housing Public Sector capital expenditure programme for 2021/22 totals £20.250 million. The detailed programme and anticipated funding is set out below:

	<b>Original 2020/21 £000</b>	<b>Latest 2020/21 £000</b>	<b>Original 2021/22 £000</b>
<b>Proposed Expenditure</b>			
Planned Maintenance & Improvements	5,600	5,600	6,050
Estate Improvements	200	200	200
Disabled Facilities Adaptations	1,000	500	1,000
Development Strategy	9,000	9,000	13,000
<b>TOTAL</b>	<b>15,800</b>	<b>15,300</b>	<b>20,250</b>
<b>Funded by</b>			
Revenue	8,473	8,473	9,120
Capital Receipts	2,000	2,000	2,000
Acquisitions and Dev. Reserve	827	467	2,630
Government Grant	900	760	1,300
Internal Borrowing	3,600	3,600	5,200
<b>TOTAL</b>	<b>15,800</b>	<b>15,300</b>	<b>20,250</b>



- 7.2 The Planned Maintenance and Improvements budget for 2021/22 has increased by £450,000 to £6.050 million. This includes new provision of £250,000 for upgrades to hardwired fire and security equipment in older persons accommodation.
- 7.3 The proposed capital programme for 2021/22 budgets £13.000 million to be invested in additional homes. This is expected to increase further over the period post 2021/22 through to 2025/26, in line with the Council's new Housing Strategy, as covered in more detail in paragraph 7.4. Appendix 3 shows the proposed capital programme to 2023/24.
- 7.4 The Council's new Housing Strategy targets the delivery of at least 600 new homes covering the period 2018 - 2026. The delivery of the Housing Strategy to 2026 will seek to ensure ring-fenced Housing Revenue Account (HRA) resources are maximised to their full potential. The recent removal of the borrowing cap gives Local Authorities enhanced flexibilities in terms of playing a key part in the delivery of new affordable homes across the Country. Whilst modelling suggests that limited borrowing may be required to achieve the objectives set out within the strategy, it will be necessary to monitor progress over time. The Council should be prepared to consider any opportunities that arise, and the potential should be there to fund the delivery of new homes through borrowing as long as a sound financial viability appraisal confirms it is suitable to do so. The Council has a sound financial platform to build upon and the delivery of the Housing Strategy to 2026 will seek to further enhance the financial performance of the existing HRA. By venturing into new tenures, the financial performance of the HRA will improve, as additional rental income is made available for the essential maintenance and management of the Council's overall Portfolio and to fund more new affordable homes.

## **8. ENVIRONMENTAL IMPLICATIONS**

- 8.1 The Council is committed to implementing sustainable measures to improve the energy efficiency of its tenants homes with significant investment in new modern windows and doors, roofs and energy efficient boilers as set out in the report.
- 8.2 In addition to the above investment by the Council, new funding of over £280,000 has been secured from the Government for heat pumps to be installed within eligible tenants homes which do not have access to a mains gas supply. The Council will contribute a further £500,000 to this particular Programme during 2021/22. This will bring about warmer homes and reduced energy bills for such tenants.

## **9. CRIME AND DISORDER IMPLICATIONS**

- 9.1 Many aspects of work identified in this report will improve the security of tenants' homes.

## **10. EQUALITY AND DIVERSITY IMPLICATIONS**

- 10.1 All equality and diversity implications will be considered at every stage of the process of commissioning and carrying out planned maintenance, improvement and cyclical maintenance works. In addition, any contractor used for works will have been assessed, as part of the process in becoming an approved NFDC contractor, in respect of their adherence to equality and diversity principles.

## **11. TENANTS' VIEWS**

- 11.1 We feel housing teams are coping well in the difficult circumstances we are all experiencing at the current time. It is also recognised that maintenance budgets are bound to go up because of increased costs for components and delivery.

Tenant Representatives feel the decisions being made by Senior Managers are appropriate and sensible and the direction of travel is considered to be positive. The Tenant Involvement Group support the content of the HRA report, budget and capital expenditure programme for 2021/22.

## **12. HOUSING OVERVIEW SCUTINY PANEL COMMENTS**

- 12.1 The Housing Overview and Scrutiny Panel at its meeting of 20 January 2021, was supportive of the recommendations.

## **13. PORTFOLIO HOLDER COMMENTS**

- 13.1 I consider that we have struck the right balance with this budget. We continue to invest heavily in maintaining our council homes for the benefit of our tenants as well as investing significant sums to acquire and develop new council homes. We are also implementing greener housing initiatives as part of our emerging greener housing agenda.

### **For Further Information Please Contact:**

Grainne O'Rourke  
Executive Head of Housing and Governance  
023 8028 5076  
Email: [grainne.orourke@nfdc.gov.uk](mailto:grainne.orourke@nfdc.gov.uk)

Alan Bethune  
Chief Finance Officer  
023 8028 5001  
Email: [alan.bethune@nfdc.gov.uk](mailto:alan.bethune@nfdc.gov.uk)

Kevin Green  
Principal Service Accountant  
023 8028 5067  
Email: [kevin.green@nfdc.gov.uk](mailto:kevin.green@nfdc.gov.uk)

### **Background Papers:**

Published documents as referred to within this report.

## HOUSING REVENUE ACCOUNT BUDGET

	2020/21 £'000	2021/22 £'000	Variation £'000	Para
<b>INCOME</b>				
Dwelling Rents	-26,354	-27,276	-922	4.2
Non Dwelling Rents	-786	-713	73	4.3
Charges for Services & Facilities	-660	-730	-70	4.4
Contributions towards Expenditure	-64	-64	0	4.5
Interest Receivable	-78	-15	63	4.5
Sales Administration Recharge	-33	-33	0	4.5
Shared Amenities Contribution	-225	-242	-17	4.5
<b>TOTAL INCOME</b>	<b>-28,200</b>	<b>-29,073</b>	<b>-873</b>	
<b>EXPENDITURE</b>				
Repairs & Maintenance				
Cyclical Maintenance	1,337	1,346	9	5.2
Reactive Maintenance	3,356	3,418	62	5.2
<b>Supervision &amp; Management</b>				
General Management	5,095	5,546	451	5.3
Special Services	1,222	1,290	68	5.4
Homeless Assistance	65	76	11	5.4
<b>Rents, Rates, Taxes and Other Charges</b>	54	77	23	5.5
<b>Provision for Bad Debt</b>	150	150	0	
<b>Capital Financing Costs</b>	8,448	8,400	-48	5.6
<b>TOTAL EXPENDITURE</b>	<b>19,727</b>	<b>20,303</b>	<b>576</b>	
<b>HRA OPERATING SURPLUS(-)</b>	<b>-8,473</b>	<b>-8,770</b>	<b>-297</b>	
<b>Contribution to Capital - supporting Housing Strategy</b>	8,473	9,120	647	5.7
<b>HRA Total Annual Surplus(-) / Deficit</b>	<b>0</b>	<b>350</b>	<b>350</b>	
<b>Use of Reserves for Major Projects</b>	<b>0</b>	<b>-350</b>	<b>-350</b>	5.3
<b>HRA TOTAL ANNUAL SURPLUS(-) / DEFICIT</b>	<b>0</b>	<b>0</b>	<b>0</b>	

This page is intentionally left blank

**3 YEAR HOUSING PLANNED MAINTENANCE AND IMPROVEMENT PROGRAMME 2021 TO 2024**

**1. INTRODUCTION**

- 1.1 This programme has been compiled taking into account the rolling 10-year Housing Planned Maintenance and Improvements programme.
- 1.2 All works identified in this report are based upon stock condition surveys, and feedback from Housing Maintenance Officers. This is followed by an inspection regime prior to work being specified to ensure only expenditure required is actually committed.
- 1.3 The programme for 2021 to 2024 has been devised to continue to meet the requirements of the "Decent Homes Standard".

**2. PROGRESS REPORTING OF THE PROGRAMME**

- 2.1 Overall budgetary and programme control is exercised by regular review meetings and detailed monthly information being provided to Senior Managers and the Housing Accountant.
- 2.2 As in previous years, expenditure on the Planned Maintenance Programme will be controlled through the year in response to tenders received by adjusting workloads, specifications and work programmes. Priority works will be identified and carried out to ensure that the maximum expenditure is achieved within the overall budget.

**3. BUDGET PROVISIONS**

- 3.1 The budgets for 2021/22 are £7,596,000 for planned maintenance projects (this is made up of £6,050,000 planned works, including £250,000 for hardwired telecare renewal), £200,000 for estate improvements, and £1,346,000 for cyclical maintenance. These budgets will substantially contribute to achieving the Decent Homes Standard.
- 3.2 A provision of £500,000 has been included in the planned maintenance budget for 21/22 for the improvement to heating systems within 50 properties that are not connected to the gas network. Subject to a successful funding bid announcement, this project will be delivered in line with our Greener Housing agenda and will utilise additional Government funding to subsidise its delivery. However, this will mean adjustments to the programmes, where some replacement schemes will be extended over a longer period, whilst still keeping within Decent Homes Standard guidelines.
- 3.3 Schedule 1 is a summary of the various headings of expenditure comprising the total budget provision and includes estimates for future years.

## 4. PROPOSALS

4.1 Within the Planned Maintenance programme, the work proposed is broadly in line with that of previous years. The prime purpose of this expenditure is to maintain the fabric of Council homes, to ensure services such as electrical and heating systems are in a safe condition and importantly to ensure that all our homes continue to meet the Decent Homes Standard. Current predictions indicate that the Council will continue to achieve this target.

4.2 The Decent Homes Standard requires properties to meet several criteria ranging from general fitness to having modern facilities. Guidance issued advises that for a home to be decent it must meet the following four criteria: -

- It contains no serious hazards under the Housing Health and Safety Rating System;
- It is in a reasonable state of repair;
- It has reasonably modern facilities and services;
- It provides a reasonable degree of thermal comfort.

4.3 A property will fail the requirement for 'reasonably modern facilities and services' if it lacks three or more of the following aspects: -

- A reasonably modern kitchen (20 years old or less);
- A kitchen with adequate space and layout;
- A reasonably modern bathroom (30 years old or less);
- An appropriately located bathroom and WC;
- Adequate insulation against external noise (where external noise is a problem);
- Adequate size and layout of common areas for blocks of flats.

4.4 An explanation of some of the items included within Schedule 1 is given below:

- An allowance of £600,000 has been made for replacing kitchens in 2021/22. This will allow for the renewal of all the kitchens over 20 years old (excluding where the tenant has previously refused the works). This kitchen refurbishment contract has been tendered on a 4-year framework commencing in 2019;
- An allowance of £600,000 has been made for renewing bathrooms in 2021/22 and this will allow for the replacement of all the bathrooms over 30 years old (excluding where the tenant has previously refused the works); This bathroom refurbishment contract has been tendered on a 4-year framework commencing in 2019;
- An allowance of £781,000 has been made for upgrading heating installations in 2021/22 with modern energy efficient boilers and controls, and this will allow for the renewal of all the boilers over 15 years old (excluding where the tenant has previously refused the works);
- An allowance of £500,000 has been made for re-roofing in 2021/22;
- An allowance of £1,100,000 has been made for replacing windows and renewing flat entrance doors with fire resistant doors in line with recommendations from Fire Risk Assessments in 2021/22;

- Included within miscellaneous works are items identified from fire risk assessments, legionella risk assessments and larger works identified from Reactive Maintenance repairs;

4.5 An allowance of £200,000 has been made for improvements within estates such as forming parking bays and enhancing external communal areas etc.

4.6 Cyclical maintenance

- This programme of works covers the servicing contracts and any other shorter-term reoccurring works. The majority of these works cover our Health and Safety responsibilities;
- Housing Maintenance completes approximately 50% of this programme using in-house direct labour. This includes the gas, oil and solid fuel inspections and breakdown attendance.
- External Contractors provide the fire alarm, lift and automatic doors servicing as well as legionella checks and window cleaning. These are currently managed by the Housing team through Council Corporate Contracts.

**5. TENANT INVOLVEMENT**

5.1 With planned maintenance and improvement works it is intended to continue with the current practice of involving tenants and residents in aspects of the work that affects their homes. Consultation will ensure that any inconvenience and disruption is kept to a minimum.

5.2 Where choice can be given without compromising the effectiveness or the necessity of the work, this will be given. Choice could mean the tenant electing not to have the work done, or in selecting finishes and colour schemes, if and when improvements are carried out. Generally, no choice will be given where works, such as re-roofing, involve essential maintenance work.

**2021/22- 2024 MAINTENANCE BUDGETS**

<b>Planned Maintenance &amp; Improvements</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Kitchen Modernisations	600,000	625,000	662,000
Bathroom Modernisations	600,000	625,000	662,000
Heating – boiler replacements gas	781,000	797,000	813,000
Electrical Works	493,000	503,000	513,000
Roofing	500,000	500,000	500,000
Structural Repairs	300,000	300,000	300,000
External doors and windows	1,100,000	1,100,000	1,100,000
Asbestos Removal and Low Maintenance Eaves	250,000	250,000	250,000
Minor works to communal blocks & older persons accommodation	250,000	250,000	250,000
Improvements to communal areas (Balconies in 21/22)	200,000		
Miscellaneous works, including fire audit work, etc.	319,000	550,000	650,000
Greener housing initiatives	500,000	500,000	500,000
Telecare Upgrade	250,000	120,000	120,000
<b>TOTAL PLANNED MAINTENANCE &amp; IMPROVEMENT BUDGET</b>	<b>£6,050,000</b>	<b>£6,120,000</b>	<b>£6,320,000</b>

<b>CYCLICAL MAINTENANCE</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Appliance servicing (including gas, solid fuel, oil, smoke	853,000	870,000	887,000
Detectors & CO Servicing			
Fire alarm servicing/upgrading	60,000	61,000	62,000
Lift servicing/upgrading	54,000	55,000	56,000
Portable appliance testing	4,000	4,100	4,200
Legionella checks	20,000	20,500	21,000
External redecorations include internal communal areas of flats and gutter cleaning	235,000	239,750	245,000
Elderly persons internal redecoration	25,000	25,000	25,000
Servicing automatic doors	5,000	5,100	5,200
Window Cleaning	20,000	20,500	21,000
Servicing air source heat pumps	1000	1050	1100



**Schedule 1**

Miscellaneous	69000	71,000	72,500
<b>TOTAL CYCLICAL MAINTENANCE</b>	<b>£1,346,000</b>	<b>£1,373,000</b>	<b>£1,400,000</b>

<b>ESTATE IMPROVEMENTS</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Provision of estate works and paving	200,000	200,000	200,000
<b>TOTAL ESTATE IMPROVEMENTS</b>	<b>£200,000</b>	<b>£200,000</b>	<b>£200,000</b>

<b>TOTAL FORECAST MAINTENANCE EXPENDITURE</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>TOTAL EXPENDITURE</b>	<b>£7,596,000</b>	<b>£7,693,000</b>	<b>£7,920,000</b>

This page is intentionally left blank

## CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

## PUBLIC SECTOR HOUSING CAPITAL PROGRAMME

HRA - Major Repairs

HRA

6,050,000 6,120,000 6,320,000

Estate Improvements

HRA

200,000 200,000 200,000

Council Dwellings - Strategy Delivery

HRA

13,000,000 20,000,000 20,000,000

Disabled Facilities Grants

HRA

1,000,000 1,000,000 1,000,000

**20,250,000 27,320,000 27,520,000**

## 2021/22 PROJECT FINANCING £

Grants & Conts.	Cap Receipts / DC's	Internal Borrowing	HRA	HRA Reserves
			6,050,000	
			200,000	
1,300,000	2,000,000	5,200,000	1,870,000	2,630,000
			1,000,000	
<b>1,300,000</b>	<b>2,000,000</b>	<b>5,200,000</b>	<b>9,120,000</b>	<b>2,630,000</b>
				<b>20,250,000</b>

This page is intentionally left blank

CABINET – 17 FEBRUARY 2021

PORTFOLIO: FINANCE, INVESTMENT AND  
CORPORATE SERVICES / ALL

## MEDIUM TERM FINANCIAL PLAN AND ANNUAL BUDGET 2021/22

### 1. Recommendations

- 1.1 Cabinet is asked to recommend to Council that:
  - 1.1.1 there is a General Fund Net Budget Requirement in 2021/22 of £19,291,410 as set out in appendix 5 to this report, including the transfers to and from reserves, as outlined in appendix 5d;
  - 1.1.2 the Band D Council Tax for 2021/22 shall be £183.36;
  - 1.1.3 the General Fund Capital Programme for 2021/22 of £15.947m, as set out in appendix 6 to this report be approved; and
  - 1.1.4 the site licence fees and service charges at Stillwater Park be increased by 1.1% in line with RPI inflation

### 2. Purpose of Report

- 2.1 To consider the development of the Medium Term Financial Plan, set the General Fund revenue and capital budgets for 2021/22 and set the level of Band D Council Tax.

### 3. Background

- 3.1 On 2 September 2020 and 4 November 2020 the Cabinet considered a number of issues through the established Medium Term Financial Plan reporting, that would affect the annual budget for 2021/22. The process has been more complex in this cycle in comparison to previous years due to the financial impact that the Coronavirus Pandemic has had on the Council's finances, and the forecast impact over the medium term period.
- 3.2 The figures as included in the September and November MTFP reports were based on latest information available at that time, before the provisional local government finance settlement had been released and before various new funding measures had been announced as part of the national effort to protect Local Government from the ongoing financial issues caused by the pandemic. **The financial assumptions in this paper are now based on the final finance settlement for 2021/22.**
- 3.3 The Medium Term position to 2024/25 forecasts a budget deficit of £2.885m (**£2.527m when taking the proposed Council Tax increase for 21/22 into account**). The Council has an excellent track record of planning for and addressing tough financial challenges and delivering balanced budgets. This will continue to need to include the crystallisation of savings and efficiencies in order to protect frontline service delivery to the Community.

- 3.4 In accordance with the Council's financial strategy this report sets out the final proposals for:
- The General Fund Net Budget Requirement for 2021/22
  - A level of Council Tax for 2021/22
  - The Medium Term Financial Plan to 2024/25
  - The General Fund Capital Programme for 2021/22
- 3.5 The Chancellor's November budget statement included a headline growth of £2.2bn to Local Government. 87% of this growth is down to allowable Council Tax Increases, with the remainder being new funding, some of which is one-off to 2021/22.

#### **4. Financial Strategy**

- 4.1 The Council's financial strategy for 2021/22 is to:
- Assume savings and vacancies identified during the 2020/21 budget review will be ongoing over the medium term,
  - Deliver efficiencies, income and savings which protect the delivery of frontline services provided to the Community,
  - Support investment in infrastructure and services through the prudent use of its reserves,
  - Ensure a sufficient and appropriate level of reserves are available during the period of the Medium Term Financial Plan to safeguard frontline services; and
  - Balance the needs of service users and council taxpayers

The budget for 2021/22 is set out in line with this strategy.

- 4.2 In order to address the significant forecast deficit to 2024/25, the Council's financial strategy over the medium term period extends to:
- The alignment of the budget to the Council's Corporate Plan and essential services,
  - The identification and delivery of service reviews ensuring a commitment towards efficient and effective delivery of Council Services, placing less reliance on government support and funding from the taxpayer,
  - Continuation of partnering and collaboration with others to transform service delivery,
  - The release of accrued short-term reserve balances to assist in the damping of the Fair Funding Review (and impact this has specifically to retained business rates) as necessary,
  - The utilisation of reserve balances (and when necessary external borrowing) to invest in assets and assist in supporting a vibrant and robust New Forest Economy, whilst targeting valuable additional income,
  - Ensuring strategies developed through the corporate framework appropriately feed into the Council's financial strategy; and
  - Invest in a Cleaner Greener approach to financial planning and spending.

#### **5. Medium Term Financial Plan – General Fund Budget 2021/22**

- 5.1 The summary position for 2021/22, before applying a Council Tax increase or use of Budget Equalisation Reserves is a deficit of £496k.

- 5.2 The budget for 2021/22 is set based on the continuation of current delivery models. If a decision is made to contract out the management and operation of the Council's 5 Leisure Centres, that decision does not directly result in any necessary adjustment to this proposed budget. The financial implications to the budget for 2021/22 as a result of any decision taken will be picked up and dealt with through the Councils established financial monitoring process.
- 5.3 Previous Medium Term Financial Plan updates were based on information pre-dating the release of the provisional finance settlement, the announcement of extended support measures into 2021/22 and pre-dating the Council's annual statutory return confirming Business Rate collection expectations for 2021/22. The provisional finance settlement has now been released, business rate retention forecasts updated and the full detailed budget preparation process has taken place, including the allocation of central corporate costs to the Portfolios. The updated resource summary (totalling £19.196m for 2021/22) and budget requirements (totalling £19.692m for 2021/22) are provided as appendix 1 and 2.
- 5.4 The provisional settlement for 2021/22 released during December was largely as anticipated, with the addition of some further financial support to assist with financial pressures into 2021/22 as a result of the pandemic. The headline increase of £2.2bn available across the sector included for 87% to come from allowable Council tax increases, before the referendum principles. It had been previously communicated that the settlement would be a one-year deal.

Funding factors that are implicated by the funding settlement assessment are;

- Business Rate Baseline - for 2021/22 the baseline is unchanged at £3.997m.
  - Business Rate Retention - the forecast business rates to be collected and retained by the Council above the baseline in 2021/22 total an estimated £2.1m.
  - The New Homes Bonus - the deadweight factor has been left at 0.4% for 2021/22. Legacy payments and an increase in affordable property numbers across the District result in bonus payments receivable of £276k for 2021/22.
  - Local Council Tax Reduction - a new one-off grant worth £209k to the Council in 2021/22.
  - Lower Tier Services Grant - a new one-off grant worth £170k to the Council in 2021/22.
- 5.5 To support the Council with on-going service delivery impacts of the pandemic into the new financial year, the following financial support has also been announced, albeit outside of the core financial settlement;
- COVID Support Grant - a £1.55bn fund has been set aside for distribution in 2021/22. Using the same methodology as tranches 3 and 4 of this equivalent grant results in the Council receiving £786k.
  - Sales, Fees and Charges Income Support Scheme - the extension to this scheme into Q1 2021/22 is estimated to be worth £300k.
  - Homelessness Support Grant - an increase of £125k in 2021/22 to assist in the eradication of homelessness and rough sleeping across the District.
  - Irrecoverable Tax Loss Scheme - At the point of write-off of Council Tax and NNDR, a new compensation scheme has been announced alongside the December settlement which would enable Councils to recover 75% of irrecoverable losses from the Government. The write-off has to occur as a result of circumstances prevailing from the Pandemic.

5.6 Other material changes (greater than £50k) that have been made within the budgets in comparison to 2020/21 include;

Pay & Price Increases

- Costs due to Pay Award (the additional 0.75% awarded in 2020/21 and an assumption of an additional £250 for salaries under £24k) and incremental progression have totalled £490k.
- £100k is included within the 2021/22 budget to cover a review of local pay and conditions (with proposals reportable through the HR Committee and Council).
- Inflation in Insurance (a whole market correction of up to 20%) utilities and contracts has been budgeted at £150k to 2021/22, reducing to £50k per annum thereafter.

Budget Adjustments relating to one-off items

- The 2020/21 General Fund budget funded £604k of ICT strategy expenditure. In 2021/22 the equivalent figure is £437k and is funded via reserves.
- The 2020/21 General Fund budget funded £97.5k of one-off Community (one-off construction) Grants. The Community Grants Panel has recommended one-off construction grants totalling £80.3k in 2021/22 (up to £100k is available) and is funded via reserves.
- The one-off project budget to provide adequate back-up power to ATC will be removed for 2021/22.
- The Council transferred the operational responsibility for a Public Convenience in April 2020 to Totton & Eling Town Council. The one-off payment to the Town Council to facilitate this transfer will be removed for 2021/22.
- The adopted local plan will result in fluctuating demands on planning resourcing and income over the period covered by this MTFP.
- As previously reported, the pension fund is in a fully funded position from April 2020, and so the Council will not be required to make an annual deficit payment to the fund in the years 2020/21 through to 2022/23. As this could be reversed on the next revaluation, the Council is not removing this financial commitment from its budget, but instead, will make an annual (£1.25M) payment into the Budget Equalisation Reserve until the next triennial valuation takes place in 2022.

Ongoing Savings Analysis

- Vacancy control measures introduced in 2020/21 will continue to yield savings worth £500k into 2021/22.
- The removal of the General Fund Contribution to the Capital Programme Financing will be replicated in 2021/22.
- Budget Review measures introduced in 2020/21 will continue to yield savings worth £246k into 2021/22.
- Net Investment Property Income of £235k has been added to the budget for 2021/22 reflecting the income earned from investments made in 2020/21.

New Budget Requirements

- As detailed in previous reporting, Recycling Credits Income will be retained by Hampshire County Council in 2021/22 resulting in a necessary removal of the income budget worth £280k. Further adverse adjustments are anticipated in 2022/23.



- Typically an annual recharge is undertaken on the Milford beach frontage with the aim to try and maintain beach levels to protect the existing seawall and other assets. This is a challenging site as the general trend is for reducing beach volumes. The revenue maintenance budgets will be topped up by £87k whilst a major coast protection scheme will be worked up over the next 12 months.
- The Environment Overview and Scrutiny Panel received an update from the Council's Tree Safety Officer, and have recommended a new budget be introduced to accommodate the necessary removal of diseased Ash trees, initially over a period of 15 years with 2 for 1 replanting in line with the current policy. A new on-going budget of £75k has been included, with around  $\frac{3}{4}$  quarters of this value being attributable to the delivery of 2 for 1 replanting supporting the Council's Green Agenda.
- Other items (individually less than £50k) as detailed in appendix 2 total £85k.

#### Covid-19 Recovery

- A 70% Health & Leisure income return has been assumed for 2021/22, resulting in a necessary adjustment of £2.1M, with a full recovery to pre-covid levels expected by 2023/24.
- In response to lower anticipated user levels, reductions to staffing and operational savings have been forecast at £190k to 2021/22.
- Town Centre parking Income is expected to be lower in 2021/22, but a review of fees and charges and charging in general across the District will compensate for this expected loss.
- As a result of the low base rate, interest earnings will be impacted during 2021/22, with lower levels assumed to the tune of £230k in 2021/22. As the Council utilises its cash reserves in accordance with the Capital Strategy, general balances and so earnings will reduce over the medium term as opposed to recovering fully to pre-covid levels.
- An additional expenditure allowance of £360k has been assumed within the budget on the assumption that, for example, continued social distancing measures and enhanced cleaning will be required into 2021/22.
- As previously outlined, a support grant is expected to help compensate these additional costs and income losses.

5.7 The Council is in a strong position to invest in its services and has identified a significant level of savings to help absorb the necessary cost increases. However as outlined further in section 6 of this report, there is still work to be done over the period covered by this Medium Term Financial Plan to provide a balanced budget to 2024/25.

#### 5.8 **Planned use of and contributions to Reserves**

Appendix 5d outlines all movements in reserves actioned in the 2021/22 General Fund revenue budget setting. In summary, the original 2020/21 budget allowed for net transfers to reserves totalling £2.056M. In 2021/22, planned net transfers to reserves total £297k. Supporting narrative to explain the new use of reserves in 2021/22 is provided as follows;

5.8.1 The maintenance project planned for Stillwater Park in 2020/21 couldn't go ahead, and so the funding was placed into earmarked reserves and will be used to finance the project in 2021/22

- 5.8.2 Since 2009/10, the Council and Priestlands School have been paying proportionate contributions (60% / 40% respectively) into a Synthetic Turf Pitch (STP) fund to cover the annual maintenance of the STP and to accrue a balance to enable a full replacement in line with the anticipated useful life expectation. The pitch was originally due to be replaced in 2019/20, however this project will now be delivered in 2021/22, so the value of the fund is released to the 2021/22 budget.
- 5.8.3 The investment in delivering the ICT Strategy 2018-22 will require funding from reserves of £437k in 2021/22.
- 5.8.4 The support across the New Forest to various Community Groups and Organisations through the Councils annual one-off construction grant process will require funding from reserves of up to £100k, with £80k currently built into the original budget 2021/22.
- 5.8.5 £1.250m of the previous payment towards the Pension Fund deficit will be retained within the general fund budget, but payable to the budget equalisation reserve.
- 5.8.6 To help produce a balanced budget for 2021/22, £138k will be used from the accrued budget equalisation reserve.
- 5.8.7 Section 9 of this report provides a commentary on the level of other useable reserves, over the period covered by this MTFP.
- 5.9 Summary of Proposals and Council Tax for 2021/22**
- 5.9.1 The 2021/22 budget is set in the context of an ongoing pandemic. Estimates have been made on the impact into 2021/22 and over the Medium Term period. The Council's General Fund reserve is maintained at £3M to support any additional non-funded pressures that may arise, above the budget provisions allowed for.
- 5.9.2 The General Fund net budget requirement for 2021/22 will be £19.291m (appendix 5a & 5b), an increase of £97,300 on the 2020/21 budget requirement.
- 5.9.3 Pay & Price and new budget requirements of £1.167m have been added to the Council's budget for 2021/22, along with Covid-19 implications of £1.332m. One-off item adjustments and ongoing savings totalling £2.287m have been identified to counter the increases in costs.
- 5.9.4 The proposed central support service business unit budgets have been provided at appendix 5c. Due to their nature, these costs end up across several Portfolios and so warrant separate inclusion as part of this budget setting report.
- 5.9.5 **The budget deficit of £496k for 2021/22 will be closed by utilising £138k from Budget Equalisation Reserves, and through a Band D Council Tax increase of £5 (2.8%) to £183.36 for the year (worth £358k to the Council). The cost to be met by council taxpayers will be £13,117,336.**

## 6. The Medium Term Position

- 6.1 A 1 year funding settlement has been made by the government leaving uncertainty over the medium term on the potential impact that the ongoing Fair Funding Review and the final design of the business rate retention scheme will have on individual local authorities. Both could have the ability to have a significant weighting on the availability of resources to fund Council services. The LGA continue to lobby the government on behalf of Local Government on a meaningful longer-term settlement to enable robust medium term financial planning.
- 6.2 In the past few years, the government has made a clear move away from providing revenue budget support to lower tier authorities, towards a system where local authorities rely on local taxation paying for the local services provided. The Council's reliance on Business Rates as a key funding source is now more prominent than ever. The Medium Term Financial Plan assumes a significant proportion of the Council's funding is receivable through Business Rate income. Officers of the Council will await any government proposals with regards to changes to the current 50% retention scheme, and any other more fundamental changes to this form of taxation with interest.
- 6.3 The Medium Term summaries set out over appendices 1, 2 and 3 provide an outlook of the future years' budgets and are set out on a prudent basis using the latest known information. Over the period covered by this plan, the delivery of the strategic sites as identified in the adopted Local Plan and the potential for Freeport status within the District both have the potential to offer significant financial opportunities to the New Forest.
- 6.4 The Council will continue to work towards the financial strategy as set out in section 4 of this report to ensure the longer-term financial stability of the Council. The current Medium Term Financial Plan deficit to 2024/25 (appendix 2) of £2.885m (**£2.527m when taking the proposed Council Tax increase for 21/22 into account**) will be closed dependant on the;
- successful implementation of the commercial and residential property strategies to bring valuable new sources of additional income into the Council,
  - successful implementation and delivery of savings targeted from reviews underway,
  - successful identification of further efficiencies to be identified during 2021/22 to take effect over the medium term,
  - Council's ability to maximise its revenues through local taxation; and
  - prudent use of budget equalisation reserves

## 7. Pay & Reward

- 7.1 The working assumption in this Medium Term Financial Plan is that annual pay award of 2% will be applied to each financial year 2022/23 – 2024/25. A lower level of pay award has been assumed for 2021/22, on the assumption that the award will be based on the Chancellor's previous announced '£250 for anyone earning £24,000 or less'. The Employee Side Liaison Panel will keep abreast of developments on the pay bargaining negotiations as they progress into 2021 and the Council's General Budget reserve will be called upon if necessary for 2021/22.
- 7.2 The Council has set aside £100k within the 2021/22 budget to provide cover for potential costs of any pay reviews the Council decides to undertake. This financial

commitment demonstrates the Council's understanding that appropriate pay and remuneration are key to the service delivery standards that the Council strives to achieve.

## **8. General Fund Capital Programme and Financing**

- 8.1 The Council's proposed General Fund Capital Programme for 2021/22 totals £15.947m. The detail at project level and the proposed financing for the 2021/22 programme is detailed in appendix 6.
- 8.2 The Capital programme includes Smarter Working and the New Depot project, both initially included within previously approved capital programmes with a caveat that design and feasibility could proceed, but delivery would require further approval from Cabinet and where necessary Full Council.
- 8.3 In an adjustment to the *Asset Maintenance and Replacement Programme and General Fund Capital Programme* report that was presented to the Cabinet earlier in the month, the timing of the Hardley Depot project has been amended with less resource now allowed for in 2021/22 to reflect the latest expected delivery timeframe. The provisional sum included for the Crow Lane industrial park development project has also been updated, with this project subject to business case approval by the Cabinet and Full Council during 2021/22.
- 8.4 Other key elements of the Council's Capital Programme are the Commercial and Residential Property Acquisition and Development Funds. These are not shown in the programme at appendix 6 because of the uncertainty around when funds will be required. The Council has established governance arrangements in place for the approval of funds, and in-year financial reporting and updates to the Corporate Overview and Scrutiny Panel provide members with valuable updates on activity in this area.
- 8.5 A range of Prudential Indicators need to be approved prior to the start of each financial year. The Council's Capital Strategy presented to the Cabinet on 4<sup>th</sup> February 2021 included the key capital Indicators. The Treasury Management function and Investment Strategy for 2021/22 to 2023/24 were considered by the Audit Committee on 29 January 2021 and have been recommended to the Council for approval. The timing and provisional sum adjustments as outlined in para 8.3 has no overall bearing on the Capital Strategy and so does not necessitate a re-drafting.

## **9. Robustness of Estimates and Adequacy of Reserves**

- 9.1 There are a range of safeguards in place to help prevent local authorities overcommitting themselves financially. These include the Chief Finance Officer's duty to report on the robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003) when the authority is considering its budget requirement (England and Wales).
- 9.2 The 2021/22 budget has been constructed based on all latest information and considers all factors that will have an implication to 2021/22 that are in the Council's control. Budget variations in relation to the ongoing pandemic have been considered, as the additional on-off streams included within the budget where appropriate. Income

projections are sensible and not overinflated, inflation is allowed for where it is expected to occur, and the full cost of the Council's staffing establishment is based on latest pay assumptions and is calculated in an appropriate level of detail. Senior Management across the Council engage with the Council's central finance team on the preparation of the detailed budgets, and only budgets that have the backing of senior management make it through to this budget setting report for consideration by members of the Cabinet.

- 9.3 In setting the General Fund Revenue Budget for 2021/22, the Council is utilising revenue reserves. The reserve transfers are clearly laid out in appendix 5d and are for specific purposes. Appendix 6 details the value of reserves to be utilised in financing the General Fund Capital Programme in 2021/22. The Council's Capital Strategy (Cabinet 4-Feb-2021) takes this further to combine the General Fund and Housing Revenue Account Capital Programmes and details how reserves will be utilised in financing the delivery of these forecast programmes over the medium-term period. Use of reserves is supplemented where appropriate with borrowing, and an assessment is made on the affordability and proportionality of financing charges to the revenue budget.
- 9.4 The General Fund Balance reserve at £3m is considered to be adequate considering the overall size of the Council's budget and current delivery methods of services. If, in the delivery of the Council's Financial Strategy, significant delivery models change resulting in a shift in retained risk to the Council, this would trigger a review of this held reserve. Variations in actual performance as compared to budget assumptions are inevitable in an organisation with a turnover as large as the Council's, especially when also considering the diverse range and complexities of services and differing levels of demand on those services throughout a fiscal period. Reserves exist, in particular the General Fund Balance reserve, to provide a cushion for these variations.
- 9.5 The Council's Chief Finance Officer is satisfied on the robustness of the estimates as included in the budget for 2021/22 and MTFP to 2024/25 and is able to provide assurance on the adequacy of reserves held by the Council.

## **10. Stillwater Park**

- 10.1 Annually, the Cabinet recommends to Council the proposed Fees and Charges increase for the licence fees and service charges at Stillwater Park.
- 10.2 In line with previous years, the level of increase being proposed is in line with September RPI inflation, equivalent to 1.1%.

## **11. Risk Management**

- 11.1 The budget for 2021/22 is based upon best estimates, but uncertainty still remains over the medium term, particularly surrounding the pandemic recovery, the potential re-design of the Business Rate retention scheme (in replacement of all other central funding) and the continuing uncertain economic climate (particularly surrounding Brexit). There has been strong suggestions that government departmental budgets would see an annual inflationary increase in the near future, as opposed to the reductions that has been the norm since 2009, however, the significant element of additional departmental spending announced for 2021/22 is achievable through

Council Tax increases and not new fiscal government support. It is vitally important that the Council continues with its prudent financial planning and continues to deliver the required savings/new income over the medium term period.

- 11.2 The Council provides regular financial monitoring reports, providing valuable updates on the latest forecasts as against original expectations and has £3m in the General Fund Reserve, available to support service delivery budgets. The Council also has a Budget Equalisation Reserve, which exists to smooth out annual fluctuations in Council funding. Within this context, the budget as now presented to Cabinet is considered to be robust and deliverable.

## **12. Crime and Disorder / Equality and Diversity**

- 12.1 The Council's budget for 2021/22 includes investment of £38,000 on replacement CCTV cameras within the district. These cameras act as a deterrent to crime and disorder and the Council's CCTV monitoring officers are in regular contact with the Police. Over the Medium term, as the Council continually strives to provide services with less resources, any potential Crime and Disorder AND Equality and Diversity implications will be covered as and when key decisions are made.

## **13. Environmental Implications**

- 13.1 The Council's vision to become a greener authority will gather momentum in 2021/22 with the Portfolio Holders taking a collective lead on a number of workstreams.
- 13.2 Investment in the Smarter Working programme has helped to reduce travelling time for officers across several departments of the Council and has improved the efficiency of a large proportion of office space. The Asset Maintenance and Replacement Programme will see energy efficient lighting installed in more areas of Council buildings and will replace older less economic vehicles with the latest and most up to date models.

## **14. Portfolio Holder Comments**

- 14.1 Whilst the MTFP is focused on looking forward, it would seem remiss not to mention the events of 2020/21 which have had such a significant impact on this Council's finances. It was within months of setting the 2020/21 budget that the pandemic impacted across the country and the New Forest causing significant adverse impact on the Council's projected income and resulting in a need for us, as a Council, to revise our forecast and restate our position for the year.
- 14.2 In light of these changes forced upon us our investment strategy in ICT and infrastructure has paid dividends and proved to be invaluable to the community often enabling us to work remotely and so continue to provide for residents with a seamless service, keep workers safe as well as doing our part in protecting the NHS.
- 14.3 As we look forward, within the budget we are proposing an increase of £5 taking New Forest District Council's band D council tax to an annual charge of £183.36 or £3.53 per week representing, I believe, a value for money service and further ensuring that we not only continue to deliver the quality services that our residents expect but that

we are able to act when unforeseen circumstances arise, such as the sea wall failure at Milford.

- 14.4 The MTFP shows a fully funded budget for 2021/22 however it also indicates that rising costs will increase the financial pressures on this Council as we go forward. We have, in the past, looked to efficiencies to deliver those much needed savings but there is an inevitability that this becomes increasingly difficult to achieve and we must therefore look to alternatives if we are to maintain those all-important front line services.
- 14.5 As a Council we have now embraced a commercial property investment strategy designed to support business within the district and to deliver a financial benefit to our residents but this cannot be the sole preserver of the long term financial stability. In a strange way Covid-19 has also given an insight into the possible way that we can evolve and whilst no one would expect to maintain such a level of remote working the past year has shown that we have an opportunity to review the level of accommodation required and how we can facilitate better use of our time and deliver a reduction in the Council's carbon footprint.
- 14.6 We also need to take a look at how we deliver our services as twentieth century methods may not be appropriate for the twenty-first century and the refrain of "this is how we have always done things" is not a reasoned argument; we are after all here to deliver services to our residents in the most effective and cost efficient way that we can.

**For Further Information Please Contact:**

Alan Bethune  
Chief Finance Officer (S151 Officer)  
Telephone: (023) 8028 5001  
E-mail: [Alan.Bethune@nfdc.gov.uk](mailto:Alan.Bethune@nfdc.gov.uk)

**Background Papers:**

Emer. Bud. & MTFP – Sept '20  
MTFP – Nov '20  
Financial Monitoring – Dec '20  
Asset Maint & Rep – Feb '20  
Capital Strat.– Feb '20

## MEDIUM TERM FINANCIAL PLAN 2020 - 2024

## SUMMARY OF RESOURCES

## FUNDING

	2020/21	2021/22	2022/23	2023/24	2024/25
Original					
Budget	Forecast	Forecast	Forecast	Forecast	Forecast
£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Business Rates Baseline	3,997	3,997	4,077	4,158	4,242
- Business Rates Tariff Adjustment					
- Business Rates Retained Surplus	2,398	2,134			
- Business Rates Collection Fund Deficit(-) / Surplus	892	-424			
Transition Grant / Business Rate Redistribution			400	400	400
New Homes Bonus	286	276	182	0	0
Local Council Tax Reduction Grant		209			
Lower Tier Services Grant		170			
Additional Homelessness Grant		125			
Irrecoverable Tax Loss Compensation		44			
Contribution to (-) Budget Equilisation Reserve	-1,062				
<b>Total Government Determined Resources</b>	<b>6,511</b>	<b>6,531</b>	<b>4,659</b>	<b>4,558</b>	<b>4,642</b>
Council Tax					
Base from Previous Year	12,321	12,969	12,665	12,761	12,858
- Council Tax Collection Fund Deficit(-) / Surplus	218	-312			
Tax Base Adjustment (Additional Properties)	73	8	96	97	98
Agreed Increase	357				
<b>Total Council Tax</b>	<b>12,969</b>	<b>12,665</b>	<b>12,761</b>	<b>12,858</b>	<b>12,956</b>
<b>TOTAL FUNDING</b>	<b>19,480</b>	<b>19,196</b>	<b>17,420</b>	<b>17,416</b>	<b>17,598</b>
Cumulative Change from Original 2020/21		284	2,060	2,064	1,882
%age change		1%	11%	11%	10%



## MEDIUM TERM FINANCIAL PLAN 2020 - 2024

## SUMMARY OF BUDGET REQUIREMENT

## Baseline Funding 2020/21

## Budget Requirement 2021/22

## Pay &amp; Price Increases

Pay Award (lower 21/22, 2% thereafter)

Increments

Prices (Insurance, Utilities, Fuel &amp; Maint.)

## Pay &amp; Price Increases

## Cumulative Pay &amp; Price Increases

## Budget adjustments relating to one-off items

Investment as outlined in ICT Strategy 18-22 (20/21)

Funding of One-off Community 'Construction Grants' (20/21)

Investment in back-up power contingency ATC

Transfer of Public Convenience to Totton &amp; Eling TC

Taxi Licence 5 yr cyclical income

Investment in an Electoral Review of the District

Planning: Strategic Sites

## Ongoing Savings

Vacancy Management

Removal of RCCO

Budget Review

Commercial Property Income

Residential Property Income

Garden Waste Service - Additional Users

Reduction in SLA to Citizens Advice New Forest

Payback on Solar PV investment

## Cumulative effect of Adjustments and Savings

## New Budget Requirements

HCC T19; Waste Collection

Milford Beach Shingle Recharge

Ash Die Back - 15 Yr and 2 for 1

Partnership for South Hampshire

Keyhaven Moorings Improvements

Housing Renovation Grants Additional Post (50% GF / 50% HRA)

## COVID-19 Recovery

Health &amp; Leisure Centre Income Recovery

Health &amp; Leisure Centre Cost Reduction

Planning Income Recovery

Parking Income Recovery

Parking &amp; Charging Review Mitigation

Reduced Interest Earnings

Additional Expenditure as a result of Covid-19

COVID Support Grant 2021/22

Sales, Fees and Charges Scheme Q1 2021/22

## Cumulative effect of New Requirements and COVID Recovery

## TOTAL BUDGET REQUIREMENT

Total Funding Available (as above)

Estimated Cumulative Surplus / Shortfall (-)

	2021/22	2022/23	2023/24	2024/25
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
Baseline Funding 2020/21	19,480	19,480	19,480	19,480
Budget Requirement 2021/22				
Pay & Price Increases				
Pay Award (lower 21/22, 2% thereafter)	294	400	400	400
Increments	196	200	200	200
Prices (Insurance, Utilities, Fuel & Maint.)	150	50	50	50
Pay & Price Increases	640	650	650	650
Cumulative Pay & Price Increases	640	1,290	1,940	2,590
Budget adjustments relating to one-off items				
Investment as outlined in ICT Strategy 18-22 (20/21)	-604			
Funding of One-off Community 'Construction Grants' (20/21)	-98			
Investment in back-up power contingency ATC	-100			
Transfer of Public Convenience to Totton & Eling TC	-50			
Taxi Licence 5 yr cyclical income	-37	37		
Investment in an Electoral Review of the District	-15			
Planning: Strategic Sites	25		-80	50
	-879	37	-80	50
Ongoing Savings				
Vacancy Management	-500		100	
Removal of RCCO	-375			
Budget Review	-246			
Commercial Property Income	-166			
Residential Property Income	-69			
Garden Waste Service - Additional Users	-31			
Reduction in SLA to Citizens Advice New Forest	-21			
Payback on Solar PV investment		-7		
	-1,408	-7	100	0
Cumulative effect of Adjustments and Savings	-2,287	-2,257	-2,237	-2,187
New Budget Requirements				
HCC T19; Waste Collection	280	400		
Milford Beach Shingle Recharge	87			-87
Ash Die Back - 15 Yr and 2 for 1	75			
Partnership for South Hampshire	25			
Keyhaven Moorings Improvements	38	-53		
Housing Renovation Grants Additional Post (50% GF / 50% HRA)	22			
	527	347	0	-87
COVID-19 Recovery				
Health & Leisure Centre Income Recovery	2,100	-1,575	-525	
Health & Leisure Centre Cost Reduction	-190	75	25	
Planning Income Recovery	25	-25		
Parking Income Recovery	120	-80	-40	
Parking & Charging Review Mitigation	-227			
Reduced Interest Earnings	230	-50	-50	
Additional Expenditure as a result of Covid-19	360	-360		
COVID Support Grant 2021/22	-786	786		
Sales, Fees and Charges Scheme Q1 2021/22	-300	300		
	1,332	-929	-590	0
Cumulative effect of New Requirements and COVID Recovery	1,859	1,277	687	600
TOTAL BUDGET REQUIREMENT	19,692	19,790	19,870	20,483
Total Funding Available (as above)	19,196	17,420	17,416	17,598
Estimated Cumulative Surplus / Shortfall (-)	-496	-2,370	-2,454	-2,885

## MEDIUM TERM FINANCIAL PLAN 2020 - 2024

## OPTIONS IDENTIFIED TO CLOSE BUDGET SHORTFALL

Commercial / Residential Property Investment 2021/22  
 Commercial / Residential Property Investment 2022/23  
 Commercial / Residential Property Investment 2023/24

**Cumulative Property Investment Income**

In Progress: Leisure Delivery Review

In Progress: Boundary Review

**MTFP 24/25 Savings In Progress****Targeted Efficiency Programme**

£5 Council Tax Increase 2021/22

£5 Council Tax Increase 2022/23

£5 Council Tax Increase 2023/24

£5 Council Tax Increase 2024/25

**Cumulative Council Tax Increase****MTFP 24/25 Potential Impacts....**

Potential: Business Rate Changes

Potential: Fair Funding Review

Potential: Waste Strategy

Potential: Triennial Pension Valuation 2022

Potential: Asset Review

**Total of the Options Identified****Temporary Use of Equalisation Reserves (-) / Budget Surplus Headroom +**

	2021/22	2022/23	2023/24	2024/25
	Forecast	Forecast	Forecast	Forecast
	£'000's	£'000's	£'000's	£'000's
		180	180	180
		220	220	220
			250	250
<b>Cumulative Property Investment Income</b>	<b>0</b>	<b>400</b>	<b>650</b>	<b>650</b>
			300	400
			80	80
<b>MTFP 24/25 Savings In Progress</b>	<b>0</b>	<b>0</b>	<b>380</b>	<b>480</b>
		<b>333</b>	<b>666</b>	<b>1,000</b>
	358	358	358	358
		360	360	360
			363	363
				366
<b>Cumulative Council Tax Increase</b>	<b>358</b>	<b>718</b>	<b>1,081</b>	<b>1,447</b>
		+/- ?	+/- ?	+/- ?
		+/- ?	+/- ?	+/- ?
		+/- ?	+/- ?	+/- ?
			+/- ?	+/- ?
		+/- ?	+/- ?	+/- ?
<b>Total of the Options Identified</b>	<b>358</b>	<b>1,451</b>	<b>2,777</b>	<b>3,577</b>
<b>Temporary Use of Equalisation Reserves (-) / Budget Surplus Headroom +</b>	<b>-138</b>	<b>-919</b>	<b>323</b>	<b>692</b>

**Reserves Supporting the MTFP**

General Fund Balance

Budget Equilisation Reserve

3,000	3,000	3,000	3,000	3,000
2,837	2,699	1,780	1,780	1,780

## MEDIUM TERM FINANCIAL PLAN 2020-2024

	2020/21	2021/22	2022/23	2023/24
	£'000's	£'000's	£'000's	£'000's
<b>ASSET MAINTENANCE &amp; REPLACEMENT PROGRAMME</b>				
Asset Maintenance				
Health & Leisure Centres (including Equip)	500	500		
Dibden Golf Centre	72			
Offices, Depots & Outlying Buildings	118	112		
Stillwater Park	75	68		
CCTV Camera Replacement	31	38		
Demolition of 2 x Public Conveniences		60		
	<b>796</b>	<b>778</b>	-	-
ICT Replacement Programme	150	100		
V&P; Deferred Expenditure (Depreciation / MRP)	1,082	1,125		
	<b>2,028</b>	<b>2,003</b>	-	-
Rephased Budget from previous year	- 28	- 68		
Less: Proportion rechargeable to Third Party Tenants		- 15		
Less: Proportion allocated to HRA	- 200	- 214		
<b>Total Revenue Programme</b>	<b>1,800</b>	<b>1,706</b>	<b>1,700</b>	<b>1,700</b>
<b>ICT INVESTMENT AND THIRD PARTY GRANTS</b>				
ICT Maintain & Protect				
ICT Strategy (including 'Customer') 2018-2022	728	558		
Less: Proportion allocated to HRA	- 124	- 121		
	604	437	-	
Community Grants - 'One-off Construction'	98	80	100	100
<b>Total Business Development and Third Party Programme</b>	<b>702</b>	<b>517</b>	<b>100</b>	<b>100</b>

## MEDIUM TERM FINANCIAL PLAN 2020-2024

## GENERAL FUND BUDGET 2021/22

## PORTFOLIO REQUIREMENTS

	2020/21 £'000's Budget	2021/22 £'000's Gross Expenditure	2021/22 £'000's Income	2021/22 £'000's Budget
Community Affairs	1,497	1,945	-432	1,513
Economic Development	-11	401	-426	-25
Environment and Regulatory Services	9,177	12,789	-3,342	9,447
Finance, Investment & Corporate Services	3,863	39,815	-36,871	2,944
Housing Services	1,847	5,226	-3,434	1,792
Leader and Corporate Affairs	68	68	0	68
Leisure and Wellbeing	1,403	8,411	-5,452	2,959
Planning and Infrastructure	1,361	6,791	-5,527	1,264
	19,205	75,446	-55,484	19,962

Reversal of Depreciation	-1,545	0	-1,526	-1,526
Contribution to/(from) Earmarked Revenue Reserves	-256	119	-934	-815
Contribution to Revenue Reserves	1,250	1,250	0	1,250
<b>NET PORTFOLIO REQUIREMENTS</b>	<b>18,654</b>	<b>76,815</b>	<b>-57,944</b>	<b>18,871</b>

Minimum Revenue Provision	1,181	1,265	0	1,265
RCCO	375	0	0	0
Interest Earnings (Net)	-730	0	-569	-569
New Homes Bonus	-286	0	-276	-276
<b>GENERAL FUND NET BUDGET REQUIREMENTS</b>	<b>19,194</b>	<b>78,080</b>	<b>-58,789</b>	<b>19,291</b>

COUNCIL TAX CALCULATION

Budget Requirement	19,194	78,080	-58,789	19,291
Less:				
Settlement Funding Assessment				
Lower Tier Services Grant	0		-170	-170
Council Tax Reduction Support Grant			-209	-209
Business Rates Baseline	-3,997	24,802	-28,799	-3,997
	-3,997	24,802	-29,178	-4,376

Locally Retained Business Rates	-2,398	954	-3,088	-2,134
Budget Equalisation Reserve	1,062	0	-138	-138
Estimated Collection Fund (Surplus)/Deficit Business Rates	-892	424	0	424
Estimated Collection Fund (Surplus)/Deficit Council Tax	-218	94	0	94
Irrecoverable Tax Loss Grant	0	0	-44	-44

Use of General Budget Reserve				0
-------------------------------	--	--	--	---

<b>COUNCIL TAX</b>	<b>12,751</b>	<b>104,354</b>	<b>-91,237</b>	<b>13,117</b>
--------------------	---------------	----------------	----------------	---------------

<b>TAX BASE NUMBER OF PROPERTIES</b>	<b>71,492.90</b>			<b>71,538.70</b>
--------------------------------------	------------------	--	--	------------------

<b>COUNCIL TAX PER BAND D PROPERTY</b>	<b>178.36</b>			<b>183.36</b>
--	---------------	--	--	---------------

<b>GENERAL FUND BALANCE 31 MARCH</b>	<b>3,000</b>			<b>3,000</b>
--------------------------------------	--------------	--	--	--------------

## MEDIUM TERM FINANCIAL PLAN 2020-2024

## ANALYSIS OF GROSS PORTFOLIO REQUIREMENTS

	Employees	Premises	Transport	Supplies and Services	Support Services	Capital Charge	Gross Expenditure	Income	Budget
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
<b>2021/22</b>									
Community Affairs	931	49	3	807	155	0	1,945	-432	1,513
Economic Development	259	14	0	84	44	0	401	-426	-25
Environment and Regulatory Services	7,711	1,209	2,092	797	625	355	12,789	-3,342	9,447
Finance, Investment & Corporate Services	3,874	244	21	35,340	335	1	39,815	-36,871	2,944
Housing Services	1,868	334	0	2,721	303	0	5,226	-3,434	1,792
Leader and Corporate Affairs	31	0	0	32	5	0	68		68
Leisure and Wellbeing	4,977	1,976	1	1,063	384	10	8,411	-5,452	2,959
Planning and Infrastructure	4,483	1,161	0	407	715	25	6,791	-5,527	1,264
	<b>24,134</b>	<b>4,987</b>	<b>2,117</b>	<b>41,251</b>	<b>2,566</b>	<b>391</b>	<b>75,446</b>	<b>-55,484</b>	<b>19,962</b>
<b>2020/21</b>									
Community Affairs	963	42	3	788	180	0	1,976	-479	1,497
Economic Development	279	2	0	84	50	0	415	-426	-11
Environment and Regulatory Services	7,634	938	2,027	815	679	395	12,488	-3,312	9,176
Finance, Investment & Corporate Services	3,993	333	21	34,971	389	1	39,708	-35,845	3,863
Housing Services	1,580	339	0	2,665	292	0	4,876	-3,029	1,847
Leader and Corporate Affairs	31	0	0	32	6	0	69	0	69
Leisure and Wellbeing	5,068	2,071	1	1,074	421	18	8,653	-7,250	1,403
Planning and Infrastructure	4,486	1,193	0	375	778	25	6,857	-5,496	1,361
	<b>24,034</b>	<b>4,918</b>	<b>2,052</b>	<b>40,804</b>	<b>2,795</b>	<b>439</b>	<b>75,042</b>	<b>-55,837</b>	<b>19,205</b>

## MEDIUM TERM FINANCIAL PLAN 2020-2024

CENTRAL SUPPORT SERVICE BUSINESS  
UNITS

## 2021/22

	Employees	Premises	Transport	Supplies and Services	Support Services	Capital Charge	Gross Expenditure	External Income	Budget
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Human Resources (704)	350	14	3	52	174	0	593	-33	560
Community & Business Improvement (713)	130	4	0	1	6	0	141	0	141
Communications (716)	169	5	0	7	29	0	210	0	210
Legal Services (742)	357	11	1	52	139	0	560	-5	555
Secretarial Services (724)	204	7	0	6	33	0	250	0	250
ICT (736)	1,194	36	6	82	144	0	1,462	-65	1,397
ICT Maint./Licences/Phones (738)	0	0	0	1,482	0	0	1,482	0	1,482
ICT Communications (740)	0	0	0	249	48	0	297	-24	273
The Design Room (734)	84	2	0	16	11	0	113	-6	107
Customer Services (732)	229	12	1	5	62	0	309	0	309
Courier (722)	29	0	11	0	1	0	41	0	41
Information Offices (731)	280	60	2	78	18	0	438	-8	430
Support Services (762)	231	15	0	23	33	0	302	0	302
Transactional Finance (766)	235	9	0	18	19	0	281	-2	279
Accountancy (780)	332	10	1	11	70	0	424	-25	399
Internal Health and Safety (822)	139	4	2	17	9	0	171	0	171
Hsg Maint - Shared Support Hub	509	39	2	11	76	0	637	0	637
Hsg Maint - Operations Management	486	49	38	11	38	0	622	0	622
Site Officers (960)	107	8	0	1	23	0	139	0	139
Central Procurement (964)	203	5	1	13	42	0	264	-1	263
Valuers (970)	270	6	3	20	61	0	360	-77	283
Property Services (976)	158	6	3	5	101	0	273	0	273
Building Cleaning - Offices	74	0	0	2	19	0	95	0	95
	<b>5,770</b>	<b>302</b>	<b>74</b>	<b>2,162</b>	<b>1,156</b>	<b>0</b>	<b>9,464</b>	<b>-246</b>	<b>9,218</b>

## MEDIUM TERM FINANCIAL PLAN 2020-2024

GENERAL FUND REVENUE BUDGET -  
MOVEMENT IN RESERVES

	Contribution From(-) / To Reserves in 2020/21	Reserve Transfers not required / possible in 2021/22	Contribution From(-) / To Reserves for 2021/22	Use of (-) / Contributions to reserves in 2021/22
	£'000's	£'000's	£'000's	£'000's
<b>Contribution from Reserves</b>				
Asset Maintenance Project Rephasing	-28		-40	-68
Community Housing Fund	-44			-44
Open space Maintenance	-56			-56
Lymington STP	-172			-172
ICT Strategy 18-22 (GF proportion)			-437	-437
Community Grants			-80	-80
Rough Sleepers Grant			-77	-77
	-300	0	-634	-934
<b>Contribution to Reserves</b>				
District Council Elections	44			44
Rough Sleepers Grant			75	75
	44	0	75	119
<b>Budget Equilisation Reserves</b>				
Budget Stabilisation	1,062	-1,062	-138	-138
Pension Adjustment 2019 Valuation	1,250			1,250
	2,312	-1,062	-138	1,112
<b>Total Contribution from (-) / to reserves</b>	<b>2,056</b>	<b>-1,062</b>	<b>-697</b>	<b>297</b>

## MEDIUM TERM FINANCIAL PLAN 2020-2024

## CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

Portfolio	PROJECT REQUIREMENTS £				ORIGINAL 2021/22 PROJECT FINANCING £					
	2020/21 £ Budget Revised (essential Schemes)	2021/22	2022/23	2023/24	NFDC Resources / Loan	TBC	Better Care Fund	Grant	DC / CIL	
Disabled Facilities Grants	HOU	620,000	1,200,000	1,200,000	1,200,000		1,200,000			
Strategic Regional Coastal Monitoring (15-21)	ENV	1,495,000	2,300,000	2,161,000	1,966,000			2,300,000		
Barton Drainage Test (19-21)	ENV	225,000	125,000	50,000				125,000		
Westover Phase 2 Scheme Development	ENV		275,000		25,000			250,000		
Public Convenience Modernisation Programme	ENV		300,000	300,000	300,000					
Public Convenience Additional Enhancements	ENV/LEADERS		75,000		75,000					
Emergency Works - Milford Sea Wall	ENV	1,825,000								
Emergency Works - Milford Sea Wall S151 Contingency	ENV/F,CS&I	300,000								
New Depot Site: Hardley	F,CS&I	250,000	2,000,000	3,300,000	2,000,000					
New Depot Site: West	F,CS&I		100,000		100,000					
V&P; Replacement Programme	F,CS&I	841,000	3,462,000	2,992,000	692,000	3,462,000				
Smarter Working; Future Delivery	F,CS&I	250,000	250,000	250,000	250,000					
Economic Sustainability & Regeneration Projects - Crow Lane Ringwood (provisional sum)	F,CS&I	3,000,000	5,000,000	5,000,000	5,000,000					
Residential Acquisitions	F,CS&I	1,500,000								
Open Space Schemes	P&I	155,000	265,000	300,000	200,000				265,000	
Transport Schemes	P&I	150,000								
Mitigation Schemes	P&I	199,000	595,000	475,000	250,000				595,000	
<b>TOTAL GENERAL FUND CAPITAL PROGRAMME</b>		<b>10,810,000</b>	<b>15,947,000</b>	<b>16,028,000</b>	<b>4,608,000</b>	<b>11,212,000</b>	<b>0</b>	<b>1,200,000</b>	<b>2,675,000</b>	<b>860,000</b>
										<b>15,947,000</b>
<b>LOAN FINANCED</b>				<b>V&amp;P</b>	<b>-3,462,000</b>					
				<b>80% of Economic Regeneration</b>	<b>-4,000,000</b>					
<b>RESIDUAL NFDC RESOURCES</b>					<b>3,750,000</b>					



## HEALTH AND LEISURE REVIEW – PREFERRED BIDDER

### 1. RECOMMENDATIONS

That the Cabinet, having considered the recommendations of the Community and Leisure Overview & Scrutiny Panel, recommends to Council:-

- 1.1 That the contract to operate and maintain the District Council's five Leisure Centres at Applemore, Lymington, New Milton, Ringwood and Totton be awarded to Freedom Leisure Limited to commence on 1 July 2021 for a 11 year period with an option to extend for a further 4 years.
- 1.2 That the terms of the Contract, summarised in sections 8 and 9 of the report, are noted.
- 1.3 That a 4-month mobilisation period following award of contract is noted, enabling full operational control by Freedom Leisure Limited on 1 July 2021.
- 1.4 That £2.242m of Prudential Borrowing to support the investment programme outlined in paragraph 14.11 of the report is approved.
- 1.5 That Council discharges responsibility for an annual contract review and performance to the Community and Leisure Panel, who will set up a councillor working group at its next meeting.

### 2. INTRODUCTION

- 2.1 This report deals with the fundamental review that has been carried out in respect of the operation of the Council's 5 Health and Leisure Centres and recommends a 'preferred bidder' to partner with the Council to run the Leisure Centres.
- 2.2 Over the last 3 years, there has been extensive work undertaken by a member Task and Finish Group set up by the Council (the 'Health and Leisure Task and Finish Group') to explore different options for the operation of the Council's 5 Health and Leisure Centres. There has been significant public engagement over the issue.

### 3. BACKGROUND

- 3.1 The Council's Health & Leisure Service consists of 5 Leisure Centres in the following locations: Totton, Ringwood, Applemore, New Milton and Lymington. The first of the Leisure Centres were built in the 1970s and they are discretionary services. Over the years, they have required significant on-going investment and subsidy from the Council so that they continue to provide modern leisure services in an ever-changing leisure climate.
- 3.2 It was considered that with the changing leisure market, including the emergence of low-cost gyms and private leisure centres as much wider 'go to destinations', a fundamental review of the Service was required to ensure its future sustainability.
- 3.3 In March 2018, the Community and Leisure Overview and Scrutiny Panel established the Health and Leisure Task and Finish Group (made up of cross-party councillors) to consider the most efficient and effective way of delivering the Council's Health and Leisure provision.

3.4 The Task and Finish Group's Terms of Reference were as follows:

- *“To achieve an outcome that will significantly reduce the cost of the Council's five health and leisure centres;*
- *To objectively assess the management options, based upon an assessment of value, judged against a range of criteria of importance to this Council's objectives, to include an understanding of the risks associated with different operating models; and*
- *To make recommendations on future management options based upon the outcome of the assessment process.”*

3.5 An important context of the work of the Task and Finish Group was to protect the provision of 5 leisure centres across the district over the medium-to-long term period, whilst making a significant impact to the Council's budget. An internally led management review and the Task and Finish led delivery review targeted at identifying savings totalling £1M per annum. This £1M was to assist in realigning the use of Council Tax to corporate plan priorities and contribute towards the impending increases in costs due to the age of the 5 Leisure Centres. Whilst members of the group commended the quality of the existing service, they recognised the Council's limited opportunities for investment and development, alongside the constraints on capacity to meet future demand.

3.6 The above factors, combined with the changing leisure market, including the emergence of low-cost gyms and leisure centres as much wider 'destinations', required an appropriate response to ensure the future sustainability of the service.

3.7 In support of the financial target, officers, working with the Portfolio Holder set an operational plan in place to deliver £600,000 of the £1 million target by 2020/21 (leaving £400,000 as the delivery model review target). The plan included activities to reduce costs and increase income as follows:

- A review of management and operation staffing;
- Introduction of kiosks in centre to develop self-service options and enhance online bookings and payments;
- A review of fees and charges against market; and
- A focus on core leisure activities and a more streamlined programme of activities.

## **4. THE COUNCIL'S CURRENT LEISURE SERVICE PROVISION**

### **Service Delivery**

4.1 The Council's current Health and Leisure provision includes 5 Health and Leisure Centres across the District, offering a broad range of wet and dry facilities including pools, sports halls, studios and modern gyms. The Centres share sites with local secondary schools and colleges and offer a mix of community use, club use and educational use under management agreements.

4.2 The first Centre to be built was Applemore in 1972 followed by New Milton, Ringwood and finally, Lymington and Totton in 1989. Since their inception, they have all been maintained to a very high standard and significant investment has been required to maintain the quality of the facilities to keep up with changing leisure demands and to respond to opportunities to sustain the business in the face of increasing fierce competition. Appendix 1 provides details of each centre, their locations and facilities.

- 4.3 All 5 Centres have modern bright pools and up to date village changing facilities. In recent years, the gyms and studios at all Centres have been refurbished. Recent projects include a major refurbishment and development of fitness facilities at Ringwood and the development of a free weights room at New Milton. Members can also enjoy additional activities including spinning, soft play and steam and sauna suites.
- 4.4 The Service was relatively unaffected by ‘competition’ for a lengthy period in the early days, however, in recent times, the Leisure sector and the local market has grown significantly with a number of new private facilities, as well as a broader range of leisure opportunities providing more choice for people. A particular issue has been the insurgence of low-cost gyms who are able to offer a dry side only facility at a price that larger leisure centres, such as the Council’s, are unable to compete with.
- 4.5 In some respects, the Council’s Leisure Centres fall into a category whereby they are not large enough to compete with facilities like Fleming Park in Eastleigh or Littledown near Bournemouth. Whilst having similar facilities, the others benefit from significantly larger catchment areas and are destinations in their own right that attract all ages, families and visitors alike.
- 4.6 The Council has always strived to provide a Service with a ‘balanced’ leisure programme with emphasis on community well-being for all age groups and sectors. One example is the Council’s Active Lifestyles Programme which works closely with local health professionals to provide an affordable and accessible 12 week activity programme and classes to the elderly and those with a range of health conditions, whether physical or mental, which encourages participants to become more active., In 2019/20, around 1000 people completed an Active Lifestyles Programme and the majority continued to use the Centres and lead more active lives.
- 4.7 A turning point for the Council’s Leisure Service occurred when a number of a low-cost dry gyms opened in the locality which saw the Council lose significant memberships. The up-rise in these new gyms, with their extensive national and local marketing campaigns, have had a significant impact on the Council’s market share. Whilst demand for gym membership is generally growing, it is becoming harder for the Council to compete in what has become a complex and fast changing leisure industry.
- 4.8 In the last 2 years, the Council has seen its membership levels decline by 10%. Even with implementing lower prices, the decline has continued despite the fact that the Council’s Leisure Centres are high quality centres providing good services (as evidenced through Sport England Benchmarking). The changing competitive and diverse leisure market means that the Service is facing considerable threats and challenges which will be extremely difficult to meet without significant further investment and taxpayer subsidy.

### **Baseline Financial Position**

- 4.9 The bottom-line Leisure Centre deficit (requiring Council Tax subsidy) has ranged from £1.967M (2015/16) to £1.037M (originally budgeted position for 2020/21). This bottom-line position breaks down into:
- costs which would be retained under any alternative delivery model (i.e. some support and corporate costs would be re-directed to other services);
  - costs to be retained under certain delivery models (i.e. Landlord Maintenance Responsibilities would remain with the Council in most models); and

- operating incomes and expenditures which would be transferred to a third-party operator.
- 4.10 The average operating position to transfer to a third-party provider is a surplus of £101,000 (i.e. incomes of £7M and Expenditures of £6.9M). This operating position has been calculated by taking 2017/18 – 2019/20 outturns (adjusted to allow for a VAT advantage reclaimed in 2018/19 and to remove the impact of the COVID-19 closure in March 2020), and the original budget for 2020/21.
- 4.11 This average in-house operating position can be readily compared to the contractual income position being sought from the procurement exercise.
- 4.12 Any new in-house costs as a result of the revised arrangements then need to be considered, these will include for example a dedicated contract officer and enhanced property services personnel to deliver the Landlord Maintenance programme.
- 4.13 Non-transferring support service areas will also need to be reviewed. Areas such as HR/Payroll, ICT and the Design Room have significant costs associated with supporting leisure, but not the extent on an individual officer basis that result in their inclusion on the TUPE transfer list. In some instances, time will be redeployed offering an enhanced service to remaining Council run services, but in other instances, reductions in staffing and costs will occur resulting in savings to be taken into account in the overall financial assessment.
- 4.14 The overall financial position in comparison to the preferred bidder is explored in the Financial Implication section of this report.

## **5. WORK OF THE HEALTH AND LEISURE TASK AND FINISH GROUP**

- 5.1 During 2018, the Task and Finish Group undertook a number of key tasks including:
- Considering and articulating the vision and desired outcomes for the Service based on an understanding of the community need and the local authority's wider outcomes;
  - Visiting all five Health and Leisure Centres;
  - Agreeing key assessment criteria for delivery models based on Sport England guidance;
  - Identifying alternative delivery model reference sites and based on the key assessment criteria, establishing a key set of questions for these reference sites;
  - Making a number of visits/calls to reference sites;
  - Evaluating delivery options; and
  - Undertaking an early market engagement exercise to help inform the potential interest in the opportunity and any subsequent approach to procurement.
- 5.2 In order to determine the best approach for future delivery of the Service, the Task and Finish Group considered:
- The deliverability/viability of the Council's strategic vision under each option;
  - The wider outcomes that the management option must deliver;
  - Level of cost reduction and revenue savings required and within what timescales;
  - The condition of the current facility stock and the opportunities to invest;
  - Attitude to risk and the level of risk transfer being sought through the process;
  - The amount of control that the Council wishes to retain; and
  - The sustainability for the Service.

- 5.3 In the context of the above, the Task and Finish Group agreed and adopted a vision for the service of ***“Working with partners to create active communities by providing affordable, accessible leisure facilities, dedicated to improving physical and mental wellbeing and establishing a sustainable healthy lifestyle legacy for future generations.”***

The vision is supported by the desired outcomes of:

- Reduced cost to the taxpayer
- Improved physical wellbeing
- Improved mental wellbeing
- Supporting individual and family developments and learning
- Social and community benefits
- Economic benefits

- 5.4 The Task and Finish Group was supported by an officer team, as well as external support from FMG Leisure Consultancy who had worked with other councils with undertaking and delivering similar reviews.

### **Evaluation of Delivery Options**

- 5.5 The Task and Finish Group undertook an evaluation of each delivery option (listed below) against the key assessment criteria (based on Sport England guidance) to provide an initial assessment to enable an informed decision on the preferred solution to meet future needs:-

- Asset Transfer (freehold, long lease, shorter lease or licence to occupy)
- NFDC Trust
- NFDC Wholly Owned Trading Company
- Partnership
- Public Sector Mutual

- 5.6 The evaluation adopted a traffic light system in order to rank the models in terms of greatest potential advantages from the Council’s perspective. The evaluation grid is attached at Appendix 2, with the evaluation including the Sporting Services VAT exemption changes.

- 5.7 On the basis that all Centres are in joint use (with schools and colleges), Asset Transfer was not seen as a feasible option nor did it meet the Council’s strategic objectives. Similarly, the Public Sector Mutual was ruled out on the basis that it does not offer a sustainable future solution. A Council Trust Model was also explored but scored less well than a Wholly Owned Trading Company on its influence over strategic decision making due to the necessary independent nature of a charitable trust. The potential time and cost complexities were also considered as a factor.

- 5.8 In September 2018 the Community Overview and Scrutiny Panel was advised that the Partnership Option was evaluated as having the greatest potential benefits, followed by the Local Authority Trading Company:

**Partnering**

- ✓ Financial savings through tax advantages
- ✓ TUPE transfer of staff on broadly similar terms, including pensions
- ✓ Some operational risk transfer
- ✓ Protection from local authority funding cuts
- ✓ Greater access to external funding and experience in the market

**NFDC New Company**

- ✓ Financial savings through tax advantages
- ✓ TUPE transfer of staff on broadly similar terms, including pensions
- ✓ Some operational risk transfer
- ✓ Strategic control fully retained by LA

5.9 At this stage, the establishment of a Local Authority-controlled Trading Company was still seen as a viable option, although the Task and Finish Group recognised the strengths of an external partner in terms of economies of scale, access to funding, and commercial skills and expertise.

**Market Engagement Exercise**

5.10 In order to further evaluate the Partnership Model as the preferred approach, the Community Overview and Scrutiny Panel agreed that additional information would need to be obtained to ascertain the market interest in operating the Council's Health and Leisure Centres and a market engagement exercise was approved by Panel to enable this.

5.11 A market engagement document was produced setting out the context and current operating position for the Council's five Health and Leisure Centres and posted a number of questions to leisure operators to help inform any future approach.

5.12 Three leisure providers operating in or around the local area were asked to take part in the exercise, respond to the questions in the market engagement document and meet with the Council to further discuss what the market could offer, over and above the Council's current in-house service provision.

5.13 The response to this exercise was positive and concluded that the opportunity, if formally advertised, would be of interest to the market confirming that savings - over and above those already identified internally - of £4 million over the life of a 10 year contract could be achievable under this option. The exercise was successful in understanding the market view on the key issues to inform the approach to management and procurement options. In summary, the conclusions from the questionnaire and the discussions with each of the operators were as follows: -

- All leisure operators would be interested in the opportunity;
- Consensus on a 10-year operating contract plus optional 5-year extension, with the operation of all Centres being tendered together as one "lot";
- Consensus that the Council should use Sport England's standard contract documents as a basis, with amendments to protect the Council's interests;
- Condition surveys would need to be undertaken for the sites;
- The preferred procurement approach was "Competitive Procedure with Negotiation" (dialogue).

- 5.14 On the 5th December 2018, Cabinet considered and approved the recommendation from the Task and Finish Group *'that a formal tendering process be undertaken to identify a preferred partner for the future operation of the Council's five health and leisure centres.'*

### **Strategic Priorities and Partnership Approach**

- 5.15 In order to deliver the Health and Leisure vision (outlined in para 5.3), key Strategic Priorities were agreed by the Task and Finish Group which are to be delivered by any Operator:

- Affordable and self-funding leisure facilities;
- Accessible ill-health prevention and healthy living schemes;
- More people undertaking physical activity (including those in hard to reach groups such as deprived communities, women and girls and young people aged 12 - 19);
- Reducing obesity;
- Reducing social isolation;
- Enhanced community facilities that meet local needs;
- Accessible and affordable opportunities to learn and develop new skills; and,
- Supporting those in ill health to return to work.

- 5.16 The Council were seeking to establish a partnership philosophy with an Operator who:

- will help the Council achieve its strategic objectives;
- will contribute to the improvement of the health and well-being of the District;
- can operate and maintain the leisure facilities and services efficiently and effectively;
- can increase participation and reduce inactivity; and
- recognises the importance of customer service.

- 5.17 Any Operator needs to commit to this philosophy and recognise the importance of working collaboratively with the Council in delivering the services.

- 5.18 The true 'Partnership' relationship would be achieved through the establishment of a Partnership Board, consisting of representatives from the Council and the operator which would meet regularly.

- 5.19 The Task and Finish Group role has continued throughout the entire procurement process, which has ensured that the process was fully aligned to the vision and priorities as agreed from the outset.

## **6. ENGAGEMENT OF STAKEHOLDERS**

- 6.1 Members of the Evaluation Panel and the Portfolio Holder have met with key stakeholders during the review.

### **Customers**

- 6.2 In June 2019, customer forums were set up at each of the Health and Leisure Centres, updates were provided on the procurement process, including details of the draft specification. 170 customers attended over 10 sessions. Q&A's were published on the Council's website and based on customer feedback a Customer Focus Group was established, with two volunteers from each Centre. The first meeting of the Focus Group took place in September 2019 and the Group met monthly until March

2020. Following a pause during COVID-19, virtual meetings re-commenced in September 2020. The Group also attended the Stakeholder Panel meeting in November 2019 and March 2020.

6.3 In December 2019, once the formal procurement process commenced, 10 further customer forums took place with approximately 250 customers attending. Customers were provided with an update on the bids including examples of added value, plus the customer protections within the contract. Again, a set of Q&A's were published along with the contract specification.

6.4 The general queries and issues raised were as follows:

- Will Price for Life be protected
- Concerns over ACTIVE Lifestyles programme
- Concerns that a new provider will come in and change clubs and programming
- Concerns around increase in pricing
- Very happy with current service and staffing – did not understand why the current arrangements had to be reviewed and changed.

6.5 The specification and contract reflected the feedback that had been received from customers and the Customer Focus Group and a number of protections were added into the contract and specification. These include:

6.5.1 Membership prices cannot be raised more than CPI without the Council's consent.

6.5.2 Current clubs and bookings are guaranteed for 12 months after date of transfer.

6.5.3 The active lifestyles programme and pricing is protected and can only be changed with the Council's consent.

6.5.4 Price for Life is protected.

6.6 The Customer Focus Group provided valuable input throughout the review process, which included their research into areas of concern with potential bidders, which the Evaluation Team were able to respond on some elements, other elements fed into the meetings with potential bidders. After the October 2020 meeting, the Customer Focus Group made the decision to withdraw from future meetings.

6.7 Customer Briefings took place from the 27<sup>th</sup> January. Customers could also email their questions to [Leisure.Review@nfdc.gov.uk](mailto:Leisure.Review@nfdc.gov.uk). Customers have welcomed the briefings and the presentations and also have been able to raise questions relating to improving the current service. Some of the questions asked at the briefings are as follows:

- Will the Les Mills product still stay in place?
- Are you planning to offer digital exercise classes?
- Will you continue with the booking system?
- Currently, it can be busy in some of the classes. If you plan to increase memberships, will we still be able to access classes or will it become more difficult?
- Do your investment plans include extending the current centres?
- Will we be able to continue with our football bookings?

Appendix 3A (Customer Q&As) is attached. This details the questions raised in the customer briefings and via leisure review mailbox, and the responses.



## Staff

- 6.8 Staff forums were held in November 2018, May 2019 and November 2020. A Staff Focus Group was also established in September 2019, which met monthly. Further, at key points in the project, there have been regular updates via email and also staff had an opportunity to raise questions to a dedicated Leisure review email, where questions could be answered directly.

The general queries and issues raised by staff were as follows:

- What is TUPE Transfer and how long are staff Terms and Conditions protected?
- Will staff receive a cost of living rise?
- What happens if staff are made redundant after TUPE Transfer?
- Will staff be forced to take on different roles?
- Will staff pay be reduced after TUPE Transfer?
- Will staff pension be protected?

Further information is provided in the Staff Implications section.

- 6.9 Staff Briefings took place from the 26<sup>th</sup> January. Staff could also email their questions to [Leisure.Review@nfdc.gov.uk](mailto:Leisure.Review@nfdc.gov.uk). Staff welcomed the opportunity to ask questions directly to Freedom and appreciated the reassurance Freedom were able to provide. Some of the questions asked were:

- We are currently based at Appletree Court - where will we work from in the future?
- Do you have an organisation structure/template that you come in and apply to new contracts?
- Do you have an employee handbook?
- What is your approach to managing staff with disabilities?
- I am a staff member on a casual contract - will I TUPE transfer?
- Do you have admin staff at your leisure centres?

Appendix 3B (Staff Q&A's) is attached. This details the questions raised in the customer briefings and via leisure review mailbox, and the responses.

## Trade Unions

- 6.10 Formal updates on the Review have been provided to Employee Side Liaison Panel and a separate Health and Leisure Review union meeting has also taken place on an at least monthly basis. Input from Employee Side has been incorporated into the Organisation and Resources section of the Evaluation process. The Employee Side Liaison Panel had an opportunity to meet the preferred bidder and ask any questions on the 26<sup>th</sup> January. Employee Side comments are in section 18 of this report.

## Other Key Stakeholders

- 6.11 Regular meetings have been taking place with landowners – Hampshire County Council and Schools (Priestlands, Arnewood, Ringwood, Oak Lodge, Applemore and Totton College). These meetings provided an opportunity to update on the Health and Leisure review and discuss any outstanding issues relating to management agreements.
- 6.12 A Stakeholder Panel was created which allowed all stakeholders to come together to receive an update at key stages of the review. The Stakeholder Panel consisted of the Portfolio Holder for Leisure and Wellbeing; Health and Leisure Task and Finish Group; Trade Union representative and Advisor from the Employee Side Liaison Panel; Staff representatives from the Staff focus group; Customer representatives

from the Customer Focus Group; and representatives from our partnership schools and Hampshire County Council. The stakeholder panel met in November 2019 and March 2020. Individual stakeholder meetings continued in Autumn 2020 and a stakeholder panel preferred bidder briefing took place on the 25 January 2021.

- 6.13 The feedback gathered from all the stakeholders has been considered when drafting the contract and specification and incorporated within the evaluation questions where appropriate.

## **7. PROCUREMENT PROCESS**

- 7.1 The procurement process has been designed to explore the commercial opportunity open to the Council for the selection of an Operator to run its five Health & Leisure Centres under a service contract made up of a transition year commencing 1st July 2021, followed by a 10-year term (with the option to extend by a further 4 years).

- 7.2 The Council used the Competitive Procedure with Negotiation in accordance with Regulation 29 of the Public Contracts Regulations 2015 to select the most suitable supplier.

### **7.3 Expressions of Interest (EOI) Phase**

7.3.1 The Expressions of Interest (EOI) documentation set out the background and context in relation to the Council's Health and Leisure Service and provided potential bidders with an outline of the outcomes expected from the partnership. It was published on the 16th September 2019. On 3 October 2019 a 'Bidder Open Day' was held across the five Centres to allow bidders the opportunity to visit the Centres and to ask questions.

7.3.2 The Council received six Expressions of Interests from bidders by the closing date of 18 October 2019. Bidders were first marked against a number of "PASS/FAIL" statements, including financial position and business practices, before the evaluation of Service Quality criteria.

7.3.3 The Evaluation Panel (made up of officers) initially reviewed the responses from bidders individually, and then met to reach a combined score for each of the responses. A score was given for each of the main scoring categories within the Service Quality criteria: Organisation and Resources; Market Viewpoint and Outlook; Customer Experience and Continuous Improvement; and Experience, Track Record and References, and an overall score per bidder was agreed.

7.3.4 The Evaluation Panel presented their findings to the Stakeholder Panel on the 7<sup>th</sup> November 2019. This included a list of the scores against each of the agreed categories, and examples of what made a high or low scoring answer.

### **7.4 Invitation to Negotiate (ITN) Phase**

7.4.1 The Council completed a detailed Tender Pack which contained all of the key information required by potential bidders. This included the Service Contract, Specification, financial information, condition survey output, property information for each site, details of existing maintenance contracts, HR information, and a set of questions to be responded to in detail by bidder.

- 7.4.2 The four bidders who progressed through the EOI phase were formally invited to tender on the 29<sup>th</sup> November 2019. This marked the formal commencement of 'The Invitation to Negotiate (ITN) – Initial Tenders' phase, at which time the ITN documents were published.
- 7.4.3 Bidders were given the opportunity to undertake further visits, with some taking place in December 2019 and others throughout January 2020. They were also invited to contact the Council with any queries and requests for further information. Across the course of this phase, over 100 requests were received from bidders which were responded to by the Council Project Team. The closing date for bids was the 31<sup>st</sup> January 2020.
- 7.4.4 The Community and Leisure Overview & Scrutiny Panel received a report on the 21<sup>st</sup> January 2020 which provided an update on the above progress.
- 7.4.5 Once the bids were received, bidders also delivered a face to face presentation of their bids and the evaluation period commenced. Bidders were scored on Cost (Financial Proposal via 10 Year Business Plan, Investment, and Achievability), and on Quality (Organisation and Resources, Market Viewpoint and Outlook, Customer Experience and Continual Improvement, Contract Compliance, and Track Record & References). The Evaluation Panel followed the same scoring process as the EOI phase.
- 7.4.6 The Evaluation Panel presented their findings to the Stakeholder Panel on the 12th March 2020. Based on the evaluation, it was determined that three bidders would move to the next stage of the ITN Phase. Negotiation meetings were due to take place in late March 2020; however, the review was paused until the end of June due to COVID-19.

## 7.5 Invitation to Negotiate (ITN) phase – post-Covid impact

- 7.5.1 The three bidders who had progressed within the ITN phase were formally invited to re-tender on 1st September 2020.
- 7.5.2 As a result of the COVID-19 pandemic, a number of changes were made to the tender documents compared to the original tender pack. These were:

- Adjustments to the Contract Term

	<b>Pre-Covid</b>	<b>Post-Covid</b>
Transition Period Terms to Apply	N/A	Year 1 (one year)
Full Contract Terms to Apply	Years 1 – 10 (ten years)	Years 2 – 11 (ten years)
Possible Extension	Years 11 – 15 (five years)	Years 12 – 15 (four years)

- Provisions for Pandemics, and an additional clause to provide for use of the centres during any future emergency response (pandemic or otherwise).
- Updated information, including membership, pricing, TUPE list and the new Corporate Plan – “Community Matters”

- Bidders were instructed to review responses in light of Covid-19, and an adjustment to the weighting of the scoring to account for the Transition Period was made, including a new scoring category of “Financial Proposal (Transition Year – Business Plan)”
- Original reference sites included in responses were to remain; however, it was made clear that the Council reserved the right to contact or visit any other site that bidders hold contracts with, and were able to take this into account when scoring responses

7.5.3 Updated bids were received on the 22nd September 2020, and negotiations and evaluation took place over the following 6 weeks. Negotiation meetings took place with each bidder, virtual meetings were held with referees to support the reference surveys that had been undertaken, and members of the Evaluation Panel undertook site visits.

7.5.4 Based on the quality of the responses, it was determined that all three remaining bidders would progress to Best and Final Offer (BAFO) stage.

## 7.6 Best and Final Offer (BAFO) Phase

7.6.1 The Invitation to Negotiation period saw a number of changes being made to the contract and tender pack as a result of negotiation with bidders. These included:

- Introduction of a Change In Law clause – Pandemic provision within the contract
- Introduction of a Net Income Adjustment schedule within the contract
- Detailed schedule added outlining how the Transition Period would work.
- A small adjustment to the scoring criteria, where “Contract Compliance” was no longer scored, as all bidders were required to accept the full contract terms and conditions as part of their BAFO bid. The 5% from this section was added to the track record and references criteria, which was renamed “Experience/References Site Visits and Covid-19 Response”.

The breakdown of this scoring criteria is shown below:

Criteria		Max. %
<b>Cost (40%)</b>	CO1: Financial Proposal (10-year Business Plan)	30%
	CO2: Financial Proposal (Investment Proposals)	5%
	CO3: Cost Basis & Achievability of Business Plan	2%
	CO4: Financial Proposal (Transition Year – Business Plan)	3%
<b>Service Quality (60%)</b>	SQ1: Organisation & Resources	15%
	SQ2: Market Viewpoint & Outlook	15%
	SQ3: Customer Experience and Continual Improvement	15%
	SQ4: Contract Compliance – <i>not applicable at BAFO</i>	(0%)
	SQ5: Experience/References, Site Visits and Covid-19 Response	15%

- Additional questions/points added to the “Organisation and Resources” criteria to reflect the information bidders were expected to provide
- Updated pricing, membership and staffing information, and a revised financial breakdown detailing our financial position.

7.6.2 The close date for BAFO bids was 9th December 2020, with evaluation commencing immediately. Three bids were received, and each bidder had the opportunity to present their bids to the Evaluation Panel and the Health & Leisure Task and Finish Group, and clarifications were sought. It was determined that two of the three bids were compliant and would meet the terms and conditions of the Tender. As with the previous phases, the Evaluation Panel reviewed the responses individually, before meeting virtually to agree final scores.

7.6.3 The outcome of the BAFO stage is outlined below in section 10.

## **8. PROPOSED SERVICE CONTRACT (LEISURE OPERATING CONTRACT)**

8.1 The Leisure Operating Contract was drafted with a combination of internal and external support. The contract sets out the services to be delivered, and includes the Service Specification, information regarding the facilities, contract performance management provisions, change protocols, Council policies, draft underleases and payment mechanisms. The Contract will be signed by NFDC and the successful bidder.

8.2 The Leisure Operating Contract was originally based on the Sport England Leisure Operating Contract template but was amended to meet the Council’s needs. The Contract reflects:

- Learning from other local authorities who have been through a similar process;
- Ensuring the contract reflected our existing provision; and
- Feedback from Customer Forums, which included concerns around the ability of the Council to step in and run services if operator was not performing to the required standard.

8.3 Partnership Board arrangements have been embedded in the contract in line with the agreed partnership philosophy.

8.4 In addition to the main body of the contract, there are a number of specific schedules. Schedules within the Service Contract include the Service Specification, Service Delivery Proposals (full BAFO bid submission from the preferred bidder), Facility Information and Site Plans, Payment and Performance Monitoring, Transferring Staff, Lease Agreements, Change Protocol, the “LOBTA” (Leisure Operating Base Trading Account”, which sets out the preferred bidder’s business plan for the full 11-year contract term), Transition Period, and Net Income Adjustment.

8.5 As part of the Contract, draft underleases have been drawn up for each of the sites. A list of property requirements has been agreed with landowners (schools and Hampshire) which will be incorporated into the final versions of the underleases. These have been included in the Tender Pack for Operators. This was reviewed, and updated information on the boundary changes at Ringwood Health and Leisure with Ringwood school was issued on 1st September 2020.

## 9. SERVICES SPECIFICATION

- 9.1 The Services Specification describes in detail the minimum standards of service required when delivering services. Each of these either meet or exceed the current “in house” standards, and are grouped under the following sections:
- Introduction, including background, measurement and reporting summaries;
  - Vision and Objectives, including managing performance against the Strategic Priorities
  - Partnership philosophy
  - Services Requirements
  - Maintenance Requirements
  - Performance Management and Reporting Requirements
  - Appendices
- 9.2 The Performance Measurement System works at several levels.
- 9.2.1 **Performance Measures:** 6 measures per site, which represent the requirements and provisions in the Contract and specification, and these will be monitored monthly. If an Operator fails to meet the minimum standards in any of these areas in any month, they will incur an agreed additional fee which will be due the following month. Measures cover Customer Experience, Memberships, Staff and Asset Maintenance.
- 9.2.2 **Strategic Performance Indicators:** linked to the Council’s Strategic Priorities established early in the procurement and will be used to track the delivery of our Leisure vision and outcomes in the District.
- 9.2.3 **Key Performance Indicators:** a set of Operational measures which will be reported regularly to the Council. They cover Sales, Customer Service and Quality, Asset Management, Activity Programming, Environment, Social Value, Active Lifestyles, Finance and People (staff).
- 9.3 In addition to the above, a formal performance monitoring system is set out in the Contract which would ensure that the preferred bidder is delivering the performance standards within the specification. Under this monitoring system (also referred to as a Dashboard Report), financial adjustments would apply for failure to achieve the required measures. The 6 high level measures which will be monitored in this way are: Customer Satisfaction Score (%), Staff Attrition/Turnover (%), delivery of the Planned Preventative Maintenance programme (yes/no), number of maintenance-related complaints, membership numbers (fitness) and Swim Academy membership numbers. Targets and buffers would be finalised during the transition period, when baseline information would be gathered.
- 9.4 A structured programme of meetings between the preferred partner and the Council would provide the Council with information on the achievement of its strategic outcomes quarterly and annually. Performance against the SPIs and KPIs (above) would be reviewed at the Contract Partnership Board meetings on a quarterly basis. More regular meetings would take place during the Transition Period.
- 9.5 Appendix 4 outlines the reporting information that the preferred bidder would be providing to the Council, with key information also reported to the Health and Leisure member working group and annually to the Community and Leisure Overview & Scrutiny Panel.

## 10. OUTCOME OF BEST AND FINAL OFFER (BAFO)

- 10.1 Three bids were received on the 9<sup>th</sup> December 2020. Having received this information, it was determined that two bids were compliant, and one bid was non-compliant.
- 10.2 The Evaluation Panel fully evaluated the two compliant bids. The outcome of this evaluation showed that Freedom Leisure scored the highest on both Cost and Quality (see Appendix 5: Confidential – Exempt Information).

## 11. PREFERRED BIDDER

- 11.1 Wealden Leisure Ltd trading as Freedom Leisure are a not-for-profit Leisure Trust, where all surpluses are reinvested in support of shared objectives with their partners. Originally set up in 2002 to take on the 4 leisure centres in a rural East Sussex district (Wealden District Council), Freedom Leisure now runs 101 leisure facilities for 23 council partners, schools and academies. 41 of these sites are dual use. Their vision is to “improve lives through leisure”, and they set out to deliver “a locally focused service to the communities (they) work with.” Freedom Leisure has wide experience operating leisure facilities in rural settings, as well as managing the mobilisation of “first generation” contracts (where leisure services are being ran by an external operator for the first time).
- 11.2 The Contract terms are for a transition year and a further 10-year contract period, with the option of a further 4 years to be discussed.
- 11.3 Mobilisation would take place over 4 months from March – June 2021, with a transfer date of 1st July 2021. All affected employees are protected under TUPE regulations and would be transferred with current terms and conditions.
- 11.4 Freedom Leisure is committed to playing a pro-active, partnering role with the Council, after being appointed preferred bidder. They are extremely experienced in contract mobilisations and have been through 8 contract mobilisations in the last 2 years. Their Head Office and support team are based in East Sussex and so they are well located to provide high levels of central support to ensure that there is a seamless transfer of staff from the Council to Freedom Leisure.
- 11.5 To ensure a smooth, effective Mobilisation & TUPE transfer from the Council to Freedom Leisure, their standard operating process is to establish a joint Mobilisation Board as soon as appointed by the Council.
- 11.6 There will be a Strategic Mobilisation Plan to provide an overview with an identified critical path, tasks, roles and responsibilities. An Operational Delivery Document will enable Freedom Leisure to ensure they are completing against agreed deadlines.
- 11.7 The Mobilisation Board will agree an internal and external communications plan, including the joint approach to engagement with users, Clubs and Groups and communication with the public more broadly. This will have a clear and simple message to demonstrate a joined-up partnership approach.
- 11.8 **Market Insight:** Freedom Leisure believe in the leisure centre product, which attracts families, children and older people to the facilities. Having undertaken a significant amount of market research, including analysis of local demographics and customer segments, they have outlined a number of enhancements. They will look to increase family time, with an enhanced programme and soft play facilities in two sites. The

pool and health suites are selling points, along with the sauna and steam. Throughout their bid, Freedom set out the types of competitors they expected (or that already existed) in the area, and how they would compete. They have already identified stakeholders with which to partner locally.

- 11.9 **Customer Experience:** Freedom Leisure bring a wealth of knowledge and experience with regards to customer insight and delivering services that meet the customers' needs. They have a well-established Customer Insights Programme, a Customer Charter and a number of customer services pledges. Research methods include regular surveys, mystery shops, quantitative and qualitative data gathering, and insight into the behaviours and needs of both users and non-users. They have a successful QMS system (Quality Management System) which supports the implementation of new ways of working which are developed on the back of customer insight. They have already undertaken initial customer segmentation research and have tailored their bid to the local demographics around each site.
- 11.10 **Customer Engagement:** Freedom Leisure would take a planned approach to customer engagement, employing a wide range of methods to keep customers informed and gather feedback. These would include satisfaction surveys, regular customer forums, staff surveys, customer newsletters, meeting with clubs, and customer surveys for hard to reach groups.
- 11.11 **Investment:** Freedom Leisure have committed to increased innovation and investment and would invest £2.2m over the course of the contract on innovation and improved facilities, as well a further £2.4m on equipment replacement. Each of the centres would benefit from this investment, including:
- **Applemore Health and Leisure Centre:** New reception area with combined café servery, grab and go, and seating; new softplay provision with seating; new control barriers on the ground and first floor; addition of a H.I.I.T. studio for an Elevate circuit; energy investment; replacement of gym and fitness equipment; interactive/water feature walls for young children at the pool; introduction of large/adventure inflatables; replacement of IT equipment and upgraded software; branding and signage.
  - **Lymington Health and Leisure Centre:** Energy investment; replacement of gym and fitness equipment; interactive/water feature walls for young children at the pool; introduction of large/adventure inflatables; replacement of IT equipment and upgraded software; branding and signage
  - **New Milton Health and Leisure Centre:** Energy investment; replacement of gym and fitness equipment; interactive/water feature walls for young children at the pool; introduction of large/adventure inflatables; replacement of IT equipment and upgraded software; branding and signage.
  - **Ringwood Health and Leisure Centre:** Expanded soft play facility and café/servery on the first floor; changed layout to better accommodate school pupils; energy investment; replacement of gym and fitness equipment; interactive/water feature walls for young children at the pool; introduction of large/adventure inflatables; replacement of IT equipment and upgraded software; branding and signage.



- **Totton Health and Leisure Centre:** New reception area with combined reception and grab and go café provision; new barriers; changes to the dry changing provision at Totton, including refurbishment and new equipment/showers (including accessibility adjustments); refurbishment of studio; energy investment; replacement of gym and fitness equipment; interactive/water feature walls for young children at the pool; introduction of large/adventure inflatables; replacement of IT equipment and upgraded software; branding and signage.

11.12 **Protected Programming and Pricing:** As outlined in the Specification, pricing and some programming and bookings are protected. The preferred bidder has also committed to our existing Opening Hours as a minimum.

- Protected programming includes Active Lifestyles classes, Applemore Early Years, use of the Lymington ATP during school hours, and all clubs and groups usage (existing bookings and usage will be honoured for at least the first 12 months of the contract).
- The preferred bidder will need to obtain the written permission of NFDC if they wish to adjust general pricing by more than CPI. Some pricing is protected further, where the preferred bidder will need to consult with NFDC if they want to increase pricing at all (up to a limit of CPI). This protected pricing applies to active lifestyles programmes and schemes such as Hampshire Talented Athletes and bookings by Lymington Hockey Club at the ATP in Lymington. Price for Life will also be protected in the same way that it is currently.
- All schools' usage and pricing (wet side and dry side) is protected. The preferred bidder would not be able to increase schools pricing above CPI without NFDC consent.

11.13 **Increasing Participation:** Freedom Leisure have stated that their vision is that “everyone in the New Forest, regardless of age, background or ability, feels able to access and participate in activities at all five health and leisure centres”, and also “through physical activity and sport initiatives out in the rural communities and in the most deprived areas of the district.” A new Active Communities Manager post will be created by Freedom Leisure in addition to existing staffing, and they will be responsible for tackling inactivity and increasing participation across the district. Initiatives may include discounted block bookings for “club marked” clubs, providing programmes for the 0 – 18s age range, enhancing dementia friendly programming, and working with partners across the voluntary sector to develop targeted community programming such as Orienteering.

11.14 **Staffing:** As part of their bid, Freedom set out their proposed staffing structure which would remain the same as the current structure, with all staff transferring over and no changes planned, which would have a positive impact on morale. They have a lean central team in place, backed by regional and subject matter experts to support the on-site team with clear reporting lines. Freedom have a good training programme, including career progression, apprenticeship training and a commercial sales training programme. They fully met all of the Council's strategic outcomes in their response and have backed their proposals up with performance indicators and targets.

11.15 **Maintenance and Lifecycle Responsibilities:** The majority of maintenance and lifecycle replacement responsibilities would sit with the preferred bidder, and any exceptions have been clearly laid out within the Specification. The preferred bidder would be responsible for all statutory testing and inspections. The Council would retain responsibility for the overall fabric and structure of the buildings, and a detailed

Condition Survey was undertaken to make clear what works are expected from both parties over the 11-year contract period.

- 11.16 **Performance Measurement, Monitoring and Review:** The preferred bidder have committed to providing regular performance reports to the Council, including formal annual updates to the Community and Leisure Overview and Scrutiny Panel. The proposed reports are listed in Appendix 4.

## 12. RISK ANALYSIS

- 12.1 A general principle of Risk Management is that risks can be TREATED, TRANSFERRED, TOLERATED or TERMINATED
- 12.2 In the current in-house operational model, all risks associated with the Market, Utilities, Brexit and Competition are tolerated solely and entirely by the Council; this is a very high-risk strategy especially bearing in mind, these are entirely discretionary services. A driver of this alternative delivery model is that a significant overall proportion of risk from all categories will be transferred and/or shared with the preferred bidder; a specialist in the market. Categories of risk, along with an overview of what is being transferred and retained is explored in more detail below.
- 12.3 Risk Transfer
- 12.3.1 “Decline in demand for services” (partially transferred) – The majority of this risk would be transferred to the preferred bidder, as any decreases in demand will mean they need to change and adapt to the market in order to reach their income targets. The exception is if income varies by 7.5% in years 2 and years 7 – 11 in line with the Net Income Adjustment schedule of the contract. The preferred bidder also has the benefit of economies of scale when it comes to marketing, with tried and tested approaches and wider research nationally.
- 12.3.2 “Major competitor in area” (majority transferred) – The Council would only share some of the risk in a small number of specific circumstances that are outlined within the Net Income Adjustment (Schedule 28 of the Contract). The Operator has wider expertise and experience in similar situations/threats and have set out how they would compete as part of their bid.
- 12.3.3 “Recruitment and retention of skilled workforce” – This risk would be transferred to the preferred bidder. The preferred bidder has the benefit of a larger pool of staff across multiple sites and a larger training team with detailed and varied training programmes. Staff engagement and turnover would be monitored by the Council, with payment adjustments made should the preferred bidder underperform in this area. Their approach to staffing – including training – was outlined within their bid.
- 12.3.4 “Insurance claims against the service” (majority transferred) – The preferred bidder would primarily be responsible for staff and public health and safety when on site or within the facilities and would hold public liability insurance for the sites.

- 12.3.5 “Property Services Compliance” (majority transferred) – The preferred bidder would have the primarily responsibility to meet compliance with legislation in many areas like fire doors, water quality, legionella, electric and gas.
- 12.3.6 “ICT/Technological” – The responsibility for ICT/technology would lie with the preferred bidder, including the impact of failing to keep up with ICT developments.
- 12.3.7 “Change in Law” (partially transferred) – In the majority of situations, the risk associated with changes to the law that affect the leisure industry (and in turn, increase costs or reduce demand/capacity) would transfer to the preferred bidder. The only Change in Law risk retained by the Council would be in the event of a further outbreak of Covid-19 or other pandemic.
- 12.3.8 “Utilities Risk” – All utilities risk would transfer to the preferred bidder, as set out in the contract.
- 12.3.9 “Investment Risk” – Similarly, the preferred bidder would be expected to ensure they received a return on investment. If the ROI was not achieved, then preferred bidder would absorb this.

#### 12.4 Retained Risk

- 12.4.1 Income and expenditure variations greater than 7.5% – whilst the risk of decreased demand is mostly transferred to the preferred bidder, a Net Income Adjustment would take affect if income or expenditure varied by more than 7.5% in the transition year (resulting in an adjustment to year 2) and/or Years 3 – 5 (resulting in an adjustment to years 7 – 11; capped at 10%).
- 12.4.2 “Decision Making” – Any key changes to the Service will always require consent from the Council. Any changes would continue to result in public scrutiny and press/public interest.
- 12.4.3 Buildings Insurance risk will be retained by the Council; however, Property Damage and contents insurance will be taken out by the preferred bidder.

#### 12.5 Third Party Default Risk

- 12.5.1 The Council utilises the independent Dun & Bradstreet financial evaluation software to provide a set of key indicators when looking to enter into any significant contract with a third party. Dun & Bradstreet delivers an Overall Business Risk that uses the best available scores, ratings, and indices to provide a high-level assessment for large global enterprises to small businesses. In general terms, a score of 100 is seen as low risk, with scores nearer to 0 representing high risk. The Dun & Bradstreet report is a standard format and does not take into the account the individual circumstances that prevail within particular organisational structures, for example, the report produced for a non-for-profit charitable trust would be the same set of indicators as produced for a large PLC despite their business purpose and objectives being very different.

- 12.5.2 With the pandemic taking effect mid-way through the procurement process, two Dun & Bradstreet reports were run for Freedom Leisure. The results are included in Appendix 5: Confidential – Exempt Information. The nature of Freedom Leisure, being a charitable non-for-profit trust, which looks to re-invest the majority of any surpluses, means some of the measures taking into account profitability, and strength of balance sheet for example can become distorted.
- 12.5.3 To manage the risk that a transfer of operational delivery of this nature brings, the contract contains provisions in relation to Operator Defaults and Breaches, Authority Defaults, Authority Step-In, Dispute Resolution and also what happens should the agreement be terminated for any reason.
- 12.5.4 “Authority Step-In” allows the Council to temporarily step in and provide the Services in the event of a serious risk to persons, property or environment, to discharge a statutory duty, or because an emergency has arisen.
- 12.5.5 Should the agreement be terminated, the TUPE transfer process would apply. All relevant remuneration, benefits etc would be paid by the Operator up until the transfer date, and then staff who are fully or mainly involved in the delivery of the services would transfer back over to the Council.
- 12.5.6 In the event of an Operator Default, the Operator would be liable and pay the Authority:
- Costs to rectify anything necessary due to an Operator failing to comply with obligations
  - Any retendering costs
  - Any differences in retendered payments (e.g. if the retendered payments are lower than the Operator’s payments, they would need to cover the difference)
  - All other Direct or Indirect Losses as a result of breach or termination of the contract
- 12.5.7 Any dispute arising between the parties out of or in connection with the Contract will be dealt with under the Dispute Resolution process. Dispute Resolution sets out the process for resolving any disagreements, including escalation through to executive management teams, and then through the appointment of an independent moderator.

### **13. STAFF IMPLICATIONS**

- 13.1 If the recommendations set out in this report are accepted, all 400 Health and Leisure staff, including the Service Manager (Health & Leisure), will transfer to Freedom Leisure on 1st July 2021 on TUPE Transfer.
- 13.2 TUPE refers to the "Transfer of Undertakings (Protection of Employment) Regulations 2006" as amended by the "Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014". The TUPE rules apply to organisations of all sizes and protect employees' rights when the organisation or service they work for transfers to a new employer.

- 13.3 The TUPE regulations apply in the following situations:
- a contractor takes over activities from a client
  - a new contractor takes over activities from another contractor
  - a client takes over activities from a contractor
- 13.4 When TUPE applies, the employees of the outgoing employer automatically become employees of the incoming employer at the point of transfer. They carry with them their continuous service from the outgoing employer and should continue to enjoy the same terms and conditions of employment with the incoming employer.
- 13.5 TUPE refers to the "Transfer of Undertakings (Protection of Employment) Regulations 2006" as amended by the "Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014". The TUPE rules apply to organisations of all sizes and protect employees' rights when the organisation or service they work for transfers to a new employer.
- 13.6 The following information must be shared with Trade Unions in writing and include:
- the fact that the transfer is going to take place, approximately when and why.
  - any social, legal or economic implications for the affected employees for example a change in location or risk of redundancies.
  - any measures that the outgoing and incoming employers expect to take in respect of their own employees (even if this is nothing).
  - the number of agency workers employed, the departments they are working in and the type of work they are doing if agency workers are used.
  - the outgoing employer must provide information about any measures which the incoming employer is considering taking in respect of affected employees.

### **TUPE Measures**

- 13.7 Incoming employers often have plans to make changes to employment arrangements after the transfer, and under the TUPE regulations these are called "measures". Employers must consult with staff and Trade Unions about any measures they are thinking about or intend taking as a result of the transfer.
- 13.8 Measures can include:
- redundancies
  - workplace relocation
  - changes to staff pay dates
  - different working patterns
  - different pension arrangements.
- 13.9 Some minor changes to terms and conditions may be included as measures although there are tight restrictions under TUPE on when terms and conditions may be altered. Measures are often interpreted widely and include non-contractual and organisational matters.
- 13.10 If there are no measures, employers should inform employees and provide information about the transfer only, although this is likely to be infrequent.
- 13.11 Based on Freedom Leisure proposed bid and contract, Freedom have confirmed that there will be no redundancies.

## **Local Government Pension Scheme (LGPS)**

- 13.12 Service Contract contains a requirement for Freedom Leisure to obtain Admitted Body Status from LGPS, this provides all transferring staff with continued access to the LGPS. This will take place during the mobilisation period.
- 13.13 The transfer of staff from the New Forest staff base to the operator will result in an increase in the average age of the retained NFDC workforce. This is likely to have an impact to the future primary contribution rate that is calculated for the District Council in the next triennial pension revaluation. The likely increase in rate and so increase in this cost will be more than offset by the removal of Leisure pay award and incremental progression from the Council's Medium Term Financial Plan, as these costs will be the responsibility of the operator under contract.

## **Requirements in the Contract**

- 13.14 Based on feedback from staff and Trade Unions, there is a requirement within the contract for all staff including new staff to be paid a minimum of £9.25 throughout the contract period.

## **Support Services**

- 13.15 Support services will be reviewed where Leisure represents a significant element of the work in that relevant area.

## **Contract Management**

- 13.16 The Council will need to invest in a contract monitoring post and additional property services resource to ensure effective delivery of the contract specification and delivery of the Council's ongoing Landlord maintenance responsibilities.

## **14. FINANCIAL IMPLICATIONS**

### **In-house Position Vs 10 Year Core Contract Position**

- 14.1 To compare the in-house position to the 10-year core contract position, an average in-house position has been calculated which takes into account the performance of the Leisure centres going back over a 4-year period (2017/18 – 2019/20 actuals and 2020/21 original budget). The actuals for 2017/18 and 2018/19 have been adjusted to include additional retained income as a result of a change in VAT position (the Leisure Centres no longer needing to charge VAT on sporting income, but losing the ability to reclaim VAT on the sporting services expenditure) which resulted in the Council receiving a backdated VAT refund from HMRC relevant to these financial years. The figures for 2019/20 and 2020/21 were already inclusive of this VAT change.
- 14.2 The average in-house operating position, i.e. the generation of income as against the direct operating expenditure (so excluding central support and NFDC corporate costs), equates to an average surplus of £101,000 per annum.
- 14.3 Under the contract model, this average surplus will be replaced with an average annual management fee receivable by the Council.

- 14.4 The Council will need to invest in a contract monitoring post and additional property services resource to ensure effective delivery of the contract specification and delivery of the Council's ongoing Landlord maintenance responsibilities. This annual cost of these 2 elements will be in the region of £80,000.
- 14.5 Support services will be reviewed where Leisure represents a significant element of the work in that relevant area. It is anticipated that annual savings of around £200,000 will materialise from these reviews.
- 14.6 The contractual position in comparison to the average in-house position, and allowing for the internal changes required, **results in a net revenue financial gain of between £7M - £8M over the life of the contract**, with the potential for this to exceed £8M if maximum Net Income Adjustments are not required.
- 14.7 In addition to the £7M - £8M revenue benefit, the innovation and improvement Capital Investment (including energy investment) of £2.2M, with the majority of this spent within the first 2 years of the contract and the proposed £2.4M on equipment replacement over the life of the contract will see significant improvements to the variety and quality of the leisure offer available at the Council's 5 Leisure Centres.

#### **Transition Year and Open Book Basis**

- 14.8 In recognition of the current risks that exist in the market as a result of the Coronavirus, an open book transitional arrangement has been allowed for within the contract for the first 12 months of operating. Within this arrangement, the operator will have full operational responsibility and will share detailed financial data with the Council on a monthly basis. This is similar to the arrangement that the Council has entered into with the operator of Dibden Golf Centre during the current financial year and has been widely recognised across the sector as an appropriate way to share risk and ensure a strong recovery by the operators within the Leisure sector.
- 14.9 The Council's own MTFP assumes an income reduction in the financial year 2021/22 of £2.1M under the continued in-house model. The Government's Sales, Fees and Charges compensation scheme has been extended to run into Q1 of the 2021/22 financial year. This enables the Council to reclaim around 70% of lost income during the period April – June.
- 14.10 On the basis that the lost and irrecoverable income expected by the in-house operation was to result in a larger service deficit in 2021/22 and 2022/23, the contract position for year 1, the 'Transition Year', sets a financial ceiling whereby the Council will pay the operator up to £1.5M before a risk share position sets in. The Council benefits more significantly than the operator for a deficit smaller than this.

#### **Capital Investment and Use of Prudential Borrowing**

- 14.11 Freedom Leisure have included Innovation and improvement Capital Projects to the tune of £2.242M within their bid. From the outset, the Council stated it would support Capital Investment through prudential borrowing, if required by the successful bidder. This is where the Council arranges borrowing on behalf of the operator, taking advantage of the lower levels of interest charges available to Local Authorities. The operator repays the loan and interest, via the Council, over the life of the Contract.
- 14.12 The Council has previously entered into a similar arrangement, back in 2014 and so this is something that the Council has previously facilitated.

## Overall Financial Summary

- 14.13 The overall financial benefit enables the targeted £400k annual saving to make a significant and invaluable contribution to the Council's Medium Term Financial Plan. The excess above the targeted saving will provide the vital headroom to cover additional funding required to continue to maintain the Leisure Centres to their existing standard and will also be invaluable in establishing and providing sustainable financial support to the development of a wider Leisure and Wellbeing Strategy.

	Targeted Saving	Actual Saving	Additional Headroom on Saving
Annual	£400k	£700k - £800k	£300k - £400k
10 Year	£4m	£7m - £8m	£3m - £4m

- 14.14 The review has been conducted within the £150,000 budget that was set aside for external expertise and legal support.
- 14.15 Further information is available in Appendix 5: Confidential – Exempt Information.

## 15. EQUALITY IMPACT ASSESSMENT

- 15.1 As part of the TUPE transfer of Leisure Centre staff, the Council have a responsibility to ensure that they have paid due regard to their general equality duty when making decisions and setting policy. As all Leisure Centre staff will be included in the transfer, the issue is not about the selection and transfer of individual staff within the Leisure Centres (i.e. the equality impact that this has by selecting some individuals over others) but on the effect the transfer of this function has on the whole organisation. An Equality Impact Assessment has been undertaken and has concluded that the TUPE transfer raises no equality issues.
- 15.2 The Council also have a responsibility to ensure that they have paid due regard to their general equality duty with regards to users and residents within the District. The Vision and Priorities agreed at the outset of this process explicitly set out how any future partnership should have a positive impact on protected groups within the New Forest. This includes low income families, women and girls, people with disabilities, and those in ill-health who require support. The Vision and Priorities were considered throughout the evaluation process. An Equality Impact Assessment has been undertaken and has concluded that the proposed partnership will raise no equality issues and will indeed have a positive impact on protected groups within the District.

## 16. ENVIRONMENTAL IMPLICATIONS

- 16.1 As part of early investment, Freedom Leisure intend to deliver energy conservation measures to the sites. They would aim to deliver sustainable savings, reduce carbon emissions and future proof the leisure centres against rising energy costs. £275,300 would be invested in energy saving solutions, with an expected annual reduction in energy costs of £51,800 (5.3 years simple payback). They aim to achieve the following:



- 85,500 kWh reduction in electricity consumption per annum (4% reduction)
  - 123,000 kWh reduction in gas consumption per annum (2% reduction)
  - 90 tonnes CO2 saving per annum (5% reduction)
- 16.2 Freedom Leisure would bring their ISO14001 Certified Environmental Management System to the five centres, gaining accreditation for each by March 2022. An Energy Champion would be introduced at each of the facilities to monitor compliance, and constantly look to improve the environmental performance of the facility. They would work closely with their Group Environmental Manager who will train, mentor and encourage cross-site/contract learning and best practice.
- 16.3 Freedom Leisure are proposing a range of actions to reduce our impact on the environment, including:
- 50% recycling rate target
  - Continue to provide recycling bins, ensuring presence in all areas of the facilities
  - Coffee cup recycling
  - Incentivised reusable cup pricing
  - Reduction of single use plastics in the café servery (wooden cutlery/stirrers)
  - Buying of cleaning products in concentrate to reduce deliveries
  - Biodegradable cleaning clothes
  - Buying local products and engaging local maintenance sub-contractors where possible
  - Looking to remove automatic paper receipts with provision only on request
  - Encourage “Active Travel”

## **17. CONCLUSION**

- 17.1 After a well-structured and robust procurement and due diligence process, it is recommended that Wealden Leisure Ltd trading as Freedom Leisure are awarded the contract for a period of 11 years, with the option to discuss a further 4 years extension. Their approach to working with communities and partners, as well as their commitment to improving the health and wellbeing of residents and visitors is well aligned to the Council’s strategic objectives and Corporate Plan.
- 17.2 The development of staff and improved customer experience feature strongly throughout the bid, as well as developing the community programme.
- 17.3 Freedom Leisure has not recommended any immediate changes to staffing structures and levels and will work with the in-house team to ensure that all staff are fully supported by their regional experts.
- 17.4 Freedom Leisure’s submission offers substantial investment in the development of the Council’s Leisure Centres both in the short term and over the life of the contract.
- 17.5 They will take on full operational responsibility for the 5 Leisure Centres, including the day-to-day repairs and maintenance.
- 17.6 Having undertaken a full risk analysis we are satisfied that the risks retained by the Council are far reduced under this model, with the majority of risk currently tolerated by the Council transferred to the operator.

- 17.7 We are satisfied that they are in a good financial position, supported by partnerships with over 20 Local Authorities, enabling them to sustain the uncertainty due to COVID.
- 17.8 Performance and Monitoring of the contract will be a high priority and there will be a dedicated contract officer who will manage and monitor this contract.
- 17.9 The Task and Finish group have been fully involved throughout the process. The majority of the group are supportive of appointing Freedom Leisure as Operator.
- 17.10 The bid and contractual position exceeds the Council's targeted financial saving, enabling a surplus to be re-invested back into Leisure Centre Maintenance and the development of a wider Leisure and Wellbeing Strategy.

## **18. EMPLOYEE SIDE COMMENTS**

- 18.1 UNISON is Britain's biggest trade union, representing 1.3 million workers across both the public and private sector. As a union we have a long-standing recognition agreement with New Forest District Council (NFDC) and represent a significant proportion of the Council's workforce, including those in the 5 Health and Leisure Centres. As a union, we have been involved in numerous meetings throughout this process and continue to engage in order to influence outcomes on behalf of our members.
- 18.2 The rationale for change is laid out in the report. However, it should be noted that UNISON has a longstanding opposition to the contracting-out of public services. Nevertheless, the purpose of this submission is to consider the staff implications of the transfer, as laid out in section 13 of the report.
- 18.3 As a union, we have already requested the information listed in item 13.6 of the report and await these details, along with those of Freedom Leisure so that we might begin discussions with them as the incoming employer. In particular, we will be wanting to discuss the following areas of concern:
- Machinery for collective bargaining, including that around annual pay awards
  - Plans for any harmonisation of terms and conditions
  - Issues around working patterns
  - Confirmation of their application for admitted body status into the LGPS
  - Career development opportunities
- 18.4 The transfer also represents a considerable diminution of the council's workforce - and there is an understandable concern that this may have serious implications on a number of roles that remain. We therefore await further discussions with the Council on these matters but feel these should have been started alongside the TUPE process as they are quite clearly linked.
- 18.5 It is important therefore for members to be aware that TUPE is not a "pain free" option. It has long term implications not only for those staff that are directly affected by the transfer, but also to those that remain. As councillors will be aware, any incoming employer can justify changes to terms and conditions for any economic, technical or operational reason. Given that staff remain the authority's greatest asset, it is therefore important that these considerations are made before any final decision is taken.

## **19. TASK AND FINISH GROUP COMMENTS**

- 19.1 The first meeting of the Task and Finish group was in April 2018 and throughout the process the Task and Finish group has been robust in asking questions of officers. The complexity and detail of the process has been challenging for both members and all officers involved. As Chairman, I am confident that a well evidenced and correct outcome has been achieved to reach the current point and I commend the recommendation.

## **20 PORTFOLIO HOLDER COMMENTS**

- 20.1 As you will know, a petition was submitted and debated by Full Council at its meeting on Monday 24<sup>th</sup> February 2020, the resolution of which was as follows: -

- That the Council notes this petition and that the Leisure and Wellbeing Portfolio Holder and Cabinet will in due course carefully consider the petition when making any recommendation to the Council on the future running of the leisure centres which is expected in Summer 2020.

- 20.2 Following on, I want to clarify as you will see from this report, that the Council will continue to own the Health and Leisure buildings, and as customers and staff have seen, Freedom Leisure is very community focused and in their proposals they want to increase community use throughout the district. We are not privatising our centres; the recommendation of this report is about working with our partner Freedom Leisure who are the experts in Leisure management and this will not reduce the access of our facilities but will help us to increase participation further. I am satisfied I have fully considered this petition and fully support the recommendations of this report.

- 20.3 Our vision for the service is:

- Affordable and accessible facilities
- Improving Mental and Physical Wellbeing
- Sustaining a service for future generations

- 20.4 I believe wholeheartedly that Freedom Leisure as our partner will deliver this vision; their only purpose is to 'improve lives through leisure'.

- 20.5 I have been very pleased with the customer and staff briefings and the feedback we have received. I know that Freedom Leisure is the right partner to deliver and sustain the excellent Health and Leisure service we provide to our community.

**For further information contact:**

Manjit Sandhu  
Executive Head Resources  
[Manjit.Sandhu@nfdc.gov.uk](mailto:Manjit.Sandhu@nfdc.gov.uk)

Alan Bethune  
Chief Financial Officer  
[Alan.Bethune@nfdc.gov.uk](mailto:Alan.Bethune@nfdc.gov.uk)

Sheryl Parry  
Business Improvement Manager  
[Sheryl.Parry@nfdc.gov.uk](mailto:Sheryl.Parry@nfdc.gov.uk)

Gary Jarvis  
Strategic Procurement Manager  
[Gary.Jarvis@nfdc.gov.uk](mailto:Gary.Jarvis@nfdc.gov.uk)

Joanne Bailey  
Service Manager – Health and Leisure  
[Joanne.Bailey@nfdc.gov.uk](mailto:Joanne.Bailey@nfdc.gov.uk)

**Background Papers:**

Community & Leisure O&S September 2018  
Health & Leisure Review

Community & Leisure O&S November 2018  
Health & Leisure Review – T&F Group  
Report

Cabinet September 2019  
Health & Leisure Review - Expressions of  
Interest

Community & Leisure O&S September 2019  
Health & Leisure Review

Community & Leisure O&S January 2020  
Health & Leisure Review

Community & Leisure O&S March 2020  
Health & Leisure Review

## APPENDIX 1: SITE FACILITIES

### SITE FACILITIES

#### Applemore



- 25m pool
- 10m learner pool
- Pool viewing gallery
- Sauna and steam rooms
- 70+ station fitness suite with the latest Life Fitness equipment
- Dedicated weights room
- 5 air conditioned studios
- 24 bike cycling studio
- 6 court sports hall
- Wet changing village and dry changing rooms.
- Outside pre-school play area (private rental)
- Therapy room (private rental)
- Vending area
- Free parking

#### Lymington



- 25m pool
- 10m learner pool
- Pool viewing gallery
- Sauna and steam rooms
- 40+ station fitness suite with the latest Life Fitness equipment
- 2 x air conditioned studios
- 18 bike cycling studio
- Wet changing village and dry changing rooms.
- Treatment rooms (private rental)
- Flood lit outdoor three court Astro-turf pitch
- Vending and seating area
- Free parking

#### New Milton



- 25m pool
- Pool viewing gallery
- Sauna and steam rooms
- 50+ station fitness suite with the latest Life Fitness equipment
- Dedicated weights room
- 2 x air conditioned studios
- 27 bike cycling studio
- Four court sports hall
- Wet changing village and dry changing rooms
- Vending area
- Free parking

#### Ringwood



- 25m pool
- 10m learner pool
- Pool viewing gallery
- Sauna and steam rooms
- 70+ station fitness suite with the latest Life Fitness equipment
- Dedicated free weights area
- 24 bike cycling studio
- 1 x air conditioned studio
- 5 court sports hall
- Wet changing village and dry changing rooms
- Vending area
- Free parking

#### Totton



- 25m pool
- 10m learner pool
- Pool viewing gallery
- Sauna and steam rooms
- 50+ station fitness suite with the latest Life Fitness equipment
- Dedicated free weights area
- 30 bike cycling studio
- 1 x air conditioned studio
- Four court sports hall and additional access to college hall
- Wet changing village and dry changing rooms
- Vending area
- Free parking

## APPENDIX 2: ASSESSMENT GRID

Criteria	In-House	Partnering	NFDC New Company			Asset Transfer
			Trust	Trading Co.	Mutual	
1. Financial Impact – Income	●	●	●	●	●	●
2. Financial Impact – Subsidy (aim to reduce/remove current subsidies)	●	●	●	●	●	●
3. Potential to contribute towards the vision and outcomes for the service	●	●	●	●	●	●
4. Control and influence over strategic decision making	●	●	●	●	●	●
5. Impact on directly employed staff	●	●	●	●	●	●
6. Impact on support service costs	●	●	●	●	●	●
7. Risk Transfer	●	●	●	●	●	●
8. Potential for investment opportunities	●	●	●	●	●	●
9. Cost to implement/set up	●	●	●	●	●	●
10. Likely timescales	●	●	●	●	●	●
11. Impact on long-term sustainability of the service	●	●	●	●	●	●

● Low potential benefit    
 ● Medium potential benefit    
 ● High potential benefit

**APPENDIX 3A: CUSTOMER Q&As**

<b>Changes/Benefits</b>		
<b>No.</b>	<b>Question</b>	<b>Answer</b>
1	<p>Very interested and excited by the presentations. People who visit will be able to get hot and cold drinks when open. Could you tell me – when they ask me “what’s going to be so good about this new scheme” – give me three things that I can tell are very exciting. Then – how will you cope with the increase in numbers.</p>	<p>1) Community engagement with leisure: not just about having to come into the leisure centre but taking it beyond the 4 walls and engaging with people within the rural facilities. Some people don’t like coming to leisure centres so one thing we will be doing is taking leisure beyond the 4 walls.</p> <p>2) Exciting facilities: A lot of investment in all 5 facilities. We will utilise our best practice and knowledge e.g., something in Wrexham which might work really well in the New Forest. Knowledge and experience = new opportunities and programmes.</p> <p>3) Family: Getting people to utilise the facilities in terms of the family offering. We want to see lots of families and couples. We will use the natural landscape and engaging with families. One of these exciting activities is our Xplorer programme with British Orienteering. Where we offer affordable fitness and physical wellbeing by only asking for 50p or a £1 to take place in the activity. We see mental wellbeing just as important to physical activity and bring social cohesion.</p> <p>Increased Numbers:</p> <ul style="list-style-type: none"> <li>- Projects in the past where we have done this, we have seen significant increases in gym memberships (up to 20 – 30%) and never been a problem to cope with extra demand.</li> <li>- If we need to change the programming to encapsulate the additional population then we will do that. That would be a case of working with the council to look at ways to develop and expand if we need to.</li> <li>- Good problem to have – to have such an active community and this means we are generating income.</li> </ul>

2	<p>What % increase in participation and sports do you anticipate in delivering as part of this arrangement?</p>	<p>Fitness: 12% increase in the first 4 years (going back to pre-covid levels). So we aim to raise it back up to 12% on top of pre-covid.</p> <p>Swimming: 20% increase on pre-Covid levels. Comes down to programming and where we can use best practice from our 100+ sites. This is about embracing what you already do, good practice, then adding to it we don't want to take anything away that is working already.</p> <p>Things like Active Lifestyles, Group Exercise programmes - we acknowledge there is already a significant profile of these, so we want to add rather than take away. This will be through discussions with management team, fitness managers etc. Another aspect we will be looking at is the investment, this will help increase participation, and draw more people to the facilities. Looking at the active communities we can go to outside of the leisure centres who may not want to go into the centres. So, this is also about us taking activity outside of the 4 walls and engaging people for example hiring halls from church group etc. Gives people opportunities to embrace their physical and mental wellbeing outside of the Leisure Centres.</p>
3	<p>1) What is the benefit of this arrangement to NFDC?</p> <p>2) What is the benefit of this to Freedom?</p>	<p>1) The vision for the council was to ensure there was a sustainable health and leisure service. This partnership provides a financial benefit of between £7m to £8m over the life of the contract, the original target was £4m. Freedom also bring their wealth of experience from their 101 sites, this will improve the service for the customers.</p> <p>2) It provides us sustainability as an organisation. Each partnership is time limited when they start – this is 11 year – we have to keep renewing existing partnerships but also keep growing for longevity. Adding volume increases our own economy of scale which allows us to achieve better procurement and utility rates. Advantageous to the staff team – more opportunities, training, and development. We only exist to improve lives through leisure – so what's in it for us is that we believe in what we do, so why wouldn't we want to deliver this service as widely as we can.</p>



	<p>3) You are all salaried so I am confused as to how NFDC can save money without getting rid of people</p> <p>4) I still am not clear on how the Council is saving money and Freedom are able to make money</p> <p>5) If I have further questions and want to make a comment how I do that?</p>	<p>3) NFDC save money by virtue of the management fee we have agreed with them. They are guaranteed to get that, so the question is how Freedom can do this at a more advantageous cost. The investment not only takes the facilities forward from an income point of view, but also “invest to save”, e.g. by reducing utilities cost.</p> <p>Also bringing a wealth of experience on how to run programmes and facilities with a support team solely focussed on leisure.</p> <p>Economies of scale, knowledge and experience, and investment. We’ve got 19 years of experience and the first 18 years have been unbroken record of generating an unbroken surplus, so we are very confident about the numbers we have put in.</p> <p>4) The report I referred to earlier is available and provides more detail on how we have evaluated and assessed the business case. There are several elements, Freedom’s expertise, their economies of scale, their investment all of this provides a financial return to the council as well as ensuring that a quality service is sustained going forward.</p> <p>5) Please use the <a href="mailto:leisure.review@nfdc.gov.uk">leisure.review@nfdc.gov.uk</a> email and we will respond promptly, otherwise you are able use the public participation scheme at the meeting on the 9<sup>th</sup> February for Community and Leisure Panel and on the 17<sup>th</sup> February for Cabinet.</p>
4	<p>What improvements in service are you expecting? We are gym users and we have noticed there’s not a staff member in the gym for quite a lot of time now. We also notice some broken equipment that doesn’t get fixed quickly.</p>	<p>Everything is permanently under review. We made decisions about the gym staffing with a range of packages. All of these things are under review all of the time. We look forward to working with Freedom – we have knowledge of the forest, our customers and centres, but Freedom have much broader experience. By working together, we will have a much broader view and there is no doubt that they will bring improvements to the service and also to the centres. In terms of our council requirements. In our specification we have detailed maintenance targets and how quickly items should be fixed. We will also be monitoring these targets regularly.</p> <p>In terms of the equipment – the intention is to roll out equipment across all 5 sites and we always have a maintenance contract with the manufacturers so that gives us easy access to maintenance and also there are service level/response times agreed. Hopefully that will begin to take that forward.</p>

		In terms of staffing, we intend to work closely with the team through mobilisation and the months thereafter, and over time we may review decisions that have been made previously. As we mentioned, staff is very much part and parcel of the product, and so over a period of time that may well get us to a position of more staffing or visibility of staff on the gym floors. We will of course need to first understand local dynamics and what is/isn't working and take the service forward over a period of time.
5	Some contracts in other areas – we saw the delivery went down quite quickly and did not provide what they would have hoped for.	<p>We are very clear with our commitment to deliver a quality service and build on what you have at NFDC. We monitor contracts very closely and will know very quickly if we are not delivering; the specification is very clear about what is expected.</p> <p>There is still a responsibility with the local authority. Therefore, we have put finance aside each year for the upkeep of the building.</p>

74

<b>Programing</b>		
No.	Question	Answer
1	Les Mills – will this be in person or will it go virtual to save money? Licensing etc.	<p>We will continue to offer the live classes as we do in many of our other sites. I very much believe in delivery by staff on site. I think it's the staff that very much make that experience for our customers. There may be digital, but the primary means of delivery will be in person. That will help define the sector of operation we will be in.</p> <p>We view the staff as an asset, and we are here to support them rather than rip everything up and start again. Everything that's working we will protect and work with going forward. Over time we will want to provide experiences from elsewhere. It doesn't make sense for us to change things that work well.</p>
2	Working full time and trying to get back to classes is nigh on impossible and trying to book popular oversubscribed classes can be an issue. Would you consider classes in the centre but also online classes to attend in our own homes?	Hit nail on head for what is happening during covid. We are adamant that the right service for the majority is within the leisure centres – where we provide best service. We are looking at an alternative option that will provide at home classes via an app. It is not fully developed and approved yet the starting point is to make sure there is demand and we will meet the demand. Then we will look to launch it.

	Some of the classes are really geared towards younger element and doesn't seem to be a massive offering to those who can't undertake energetic exercise, will that be addressed?	We have looked at opportunities to apply an "Elevate Circuit" which is a circuit that is about body weight activity – not weights but still offer an intensive work out if you want one it's not necessarily more relaxed but you are controlling the exertion.
3	Pre-covid did you run any virtual classes e.g. not a live instructor.	Yes, in some sites they had virtual offers such as virtual spinning. Largely a secondary element as by in large the in-person classes are more successful. But virtual helped deal with some capacity issues in the sites that used them it allowed us to put on additional classes throughout the day for those that did not get into the peak classes. Perhaps this may be an opportunity. It is very much a secondary offer, virtual better than nothing but it is a poor second place compared to having staff there.  NFDC have moved some virtual spinning into New Milton for opportunity for more off-peak use.
4	I represent the pony club and wish to know if, post-covid, our previous pool slots and special event bookings will be honoured?	Absolutely this is the sort of thing we would want to support. No reason we would not want this to happen. The expectation is that post Covid many of the original bookings can be accommodated. However, there is an expectation of the continuation of social distancing for some months going forward.
5	Group Exercise timetable. Will you add some extra classes at Ringwood. Studio only took 11 people (capacity) are you intending if the situation continues, will you add more classes.	We will need to look at demand and deliver to meet demand. Currently, we look at viability and getting the right balance between cost and attendance. School is a factor with being able to use the sports hall of which we try to use as much as possible currently due to the extra space it provides. Our Studio is limited to 9 and covid has stalled the new plan for January. Popular times will always be restricted, less popular times are not well attended but we will try and balance it.

6	<p>With regard to the proposed change of running for the NFDC leisure centres, my club has private hire pool sessions at both Ringwood and Totton. We have equipment (metal gullies use for Underwater Hockey) stored at both pools, what will happen to this from July 1<sup>st</sup>? Our preference is to keep storing the equipment as we hope to resume our sessions as soon as Covid permits. Can you confirm that storing of equipment post transition will be possible?</p>	<p>The arrangements for the club will carry on as normal after the changeover on 1<sup>st</sup> July.</p>
7	<p>You're saying the programming isn't changing and is going to stay. Technogym doing equipment. But who will provide classes – is it Les Mills? Will you keep virtual and the whole range of classes? Programming is quite a broad term – types and frequency of class.</p>	<p>Yes, going through that transfer process the programme that we'll look to establish will ideally be the pre-Covid programme, though it is possible/likely that in July there may still be increased restrictions. Over time that will develop, and change based on customer use and priorities as we go forward. Yes, we work with Les Mills in a number of our centres, and we also have virtual.</p>
8	<p>You were talking about protected elements – pricing, programming, ethos, strategic objectives. What do you mean by protected? What happens if everything does need to change?</p>	<p>Price for Life terms and conditions will stay as they are – you won't see any change to that if you have got that membership. It will continue as it would have if this had stayed in-house.</p> <p>Active Lifestyles, for example – we know this is a really important community programme and lots of work goes into setting this up and the pricing. What we wanted to do as part of the Specification is to be really clear – maybe more so for the areas that aren't income generating – we would want to protect this area.</p>

		<p>So, another example is pricing @ CPI. The specification and contract say that pricing can go up by the CPI. But there may be changes in the market and new things coming in. At that point there would be discussion with the Council reference the rationale for any changes above CPI.</p> <p>There is a contract and specification and we have made really detailed responses that show how we intend to deliver that which are appendices to the contract.</p> <p>More fundamental to that is that yes, the district council has this commitment in the contract, but if you look at Freedom as an organisation, it's core to what we do as well. We will be looking to be as inclusive as possible and making a real difference to the health and wellbeing (mental and physical) across the community. There is then also the commercial elements – we will do better where we can lift income, but the better and more successful we are at that, then the more we can reinvest, either physically in the facilities or in the delivery of the programmes and the services. All our active communities work is a result of the investment that we have made. Our objectives and aspirations are absolutely to provide the most inclusive service we can, and we will be monitored and measured against the priorities of the contracts.</p>
9	I really enjoy Yoga, will the classes increase?	Yoga classes have had to be reduced due to Covid – usually we would have 2 classes per week. If there is good demand, then they should indeed come back to the programme post Covid.

<b>Memberships</b>		
No.	Question	Answer
1	Shared membership for other facilities	We will have a membership approach in place e.g. if you go to other facilities then yes there will be opportunities to use your membership.
2	Will pricing for users increase under new arrangements, if not, for how long will prices be protected?	The contract and specification say pricing can be reviewed annually and may go up by CPI. Anything up to CPI is up to freedom. Anything over is a discussion with NFDC. Freedom will make a case for any increases over CPI. Income is a factor of price and volume, and we work hard on volume rather than price

	<p>Also, for 20 odd years, our group have had football booking on the ATP. last year we were stopped because we were not an affiliated sports club.</p>	<p>The football booking was paused due to covid restrictions and government guidelines stating that any sports groups must be an affiliated club to run. We will be following the government guidelines regarding covid 19 until restrictions are changed, but once the restrictions are lifted, we will welcome all clubs back.</p>
3	<p>I am hoping someone will be acting on behalf of all the loyal instructors and current members to advise CLEARLY how this will affect us all, and we will be provided with contact details to answer / reassure any queries BEFORE it is agreed.</p> <p>In particular, there are a large number who took advantage of the Price for Life when we joined in the late 1980s / 1990's and have been loyal members since then. (In the days when a crèche was run from New Milton Recreation Centre). Financially, how will this affect us?</p>	<p>Price for Life has been protected by the Council, and carries on as it has with the Council as long as customers meet the Price for Life terms and conditions. Therefore, there will be no change to the Price for Life membership you pay.</p>
4	<p>Are we aware if the new provider would honour the current 'Hampshire Talented Athlete' scheme?</p> <p>It's essential for me to access the centre when I can't get in my performance hub.</p>	<p>The Hampshire Talented Athlete Scheme has been protected and therefore will continue in its current form through Freedom Leisure.</p>

5	Will 'price for life' membership be honoured if Freedom Leisure take over.	Price for Life has been protected by the Council, and carries on as it has with the Council as long as customers meet the Price for Life terms and conditions. Your current price will be honoured in line with this.
6	Will the Leisure New Forest transfer outstanding payments for unused annual subs be transferable?	Yes, they are transferrable to Freedom.
7	I joined your presentation on Thursday for the New Milton centre. I found the presentation very informative and many of my questions were answered. I know you said our memberships for life would be honoured for the next few years. However, my daughter and myself have a joint membership in that category and I would like reassurance that this would be honoured as are the individual ones.	Yes – your joint membership price will be honoured in line with the Price for Life terms and conditions.
8	I'm confused re the commitment to retain 'price for life' yet let other prices be increased. So newer members are funding under payment by these longer serving members who enjoy price for life. Everyone should be able to pay the same - a simple democratic principle, and reductions should be based on need not length of membership.	<p>New Forest District Council have required us through the specification to maintain the price for life scheme.</p> <p>In general, we believe prices need to increase on an annual basis in order to cover the costs of delivering the service and there is protection within the contract that prices cannot be raised beyond CPI without approval from NFDC.</p> <p>We are keen for there to be appropriate concessionary schemes to encourage participation both from those that would struggle to be able to afford the substantive price and indeed for those with specific medical need. We will review the existing concessions with the Council during the early years of the contract.</p>

<b>Bookings</b>		
No.	Question	Answer
1	Freedom said that they would commit to existing bookings/keep existing bookings for at least the first 12 months. However, with covid they have changed – will we go back to pre-covid situation?	Yes, this will be the pre-Covid bookings. That's what is in the specification. That's what we want, we want to get back to as complete a level of participation as possible. Over time programmes will inevitably develop based upon demand and priorities.
2	<p>Will the booking system/app be updated? Pre-Covid we often had to book classes at midnight to get a place (at least for New Milton) This was even harder for daytime members as the app didn't start working until 9am.</p> <p>Will you be able to offer more classes to get around this problem? My real concern is over daytime people only being able to book using the app between 9 and 5pm 8 days in advance for daytime classes... where full membership people can book from midnight using the app.</p> <p>I appreciate popular classes get full quickly - I just want a level playing field on booking. I also know I can book via the web - but very early in the morning, it is much harder to do via the web page as text is tiny on a phone.</p>	There is clearly some work to do with the local management on how we can jointly improve the current issues around group exercise. We cannot guarantee that we can improve the situation due to certain limitations within the front of house system, but, with the number sites we operate, we believe there will be some improvements that can be made to ensure people can more easily book and gain access to classes. This will need to include a full review of current space and class timetables.



	I've been members of other gyms over the years, and this is the first time I have been penalised for being a day member for day classes.	
--	--	--

81

<b>Demand and Availability</b>		
No.	Question	Answer
1	How do you plan to manage demand over the day... space etc.	If we are beginning to drive demand in what is already busy, we will need to look at opportunities for further development. Programming is one way we can control the demand and look at ways to encourage customers to use group exercise rather than the gym at peak times if there is space available, we can also look at pricing incentivisation among other option. We don't think that will be a significant difficulty.
2	<p>I re-joined Arnewood almost 12 years ago – initially under the GP referral scheme.</p> <p>1) Is this being maintained and contained?</p> <p>2) Benefit is we have to book gym sessions online – benefit is that we can see when it's quiet. Is this online booking function to be continued?</p>	<p>1) GP Referral – yes. In 1989 freedom put in the Oasis GP Referral scheme which was the first one within the country. We have a long history of health-related schemes and have this in our different sites. Health related schemes are part and parcel what we do, the GP referral scheme at the centres will be retained and it will be about whether there will be further enhancements on top of the existing provisions.</p> <p>2) Will have to feel our way through whether we keep the gym booking slots, we have had mixed views from customers. Positive for some, but for others requires a degree of forward planning. Will need to look at the best outcome for facilities/times of the day. This may mean some times of day are bookable and other times are not.</p> <p>But before making any decisions, we will need to speak to Joanne, Mark and Ross about what they feel is best for the business and customers in the Forest.</p>

3	<p>Increase membership over pre-covid levels. I've been a member for some time and attend a lot of classes. Pre covid the classes were very competitive to get into, so we had to wake up in the night to get booked in on some of them. Will they get even more competitive?</p>	<p>Starting point on 1<sup>st</sup> July won't be anywhere where it would have been pre-covid so initially there will be capacity.</p> <p>As you increase, this is where you start to review the programme and opportunities, e.g. there may be additional classes, wider range of classes.</p> <p>Can't give a fixed answer at this point but we will need to review that as we go forward with the local management team and make sure we are doing the best we can to get people more active.</p> <p>Our ambition and commitment are to get more people active, if its about high demand it's a good challenge to have. Making sure we are using facilities flexibly, signposting and encouraging people into the full range of facilities into the centre.</p> <p>I hear the problem and can't tell you we won't have capacity problems, but we will need to get there first and then look at the best way of managing it.</p>
4	<p>With Covid – will Freedom look at measures that haven't been in place so far e.g., providing online zoom classes etc that non-Council leisure centres have been doing? That has been sorely missed.</p> <p>Concerned about whether timetable will get back to pre covid – I have off peak membership and all of my classes were cancelled, with only 9am but not practical for me as I have commitments at that time.</p>	<p>In terms of future programming, it's absolutely what we would want to provide for the demand. As we come out of the other side of this issue, as demand picks up, then alongside management team we will look at the opportunities and what classes will be provided i.e., previous ones or new ones. As a customer facing organisation, we need to provide for its users. We can't be specific about specific classes but why wouldn't the classes come back if the demand is there.</p> <p>Online – looking at this at the moment so we may have something. In the longer term then the best solution for the services for the range of customers we want to get to is by and large in person delivery. But in the short term there may well be some augmentation.</p> <p>New Milton's main Studio is only big enough for 9 people due to covid, which makes classes not viable. We have had to use the sports hall for group exercise classes, but the school usually use this, so it has been tricky to get an hour during the day. We have just installed virtual in Studio 2 which will mean we can run classes more regularly to help. We can also utilise the hall during the summer holidays and hopefully come September restrictions will allow a more participants in smaller areas.</p>

	Will we have some facilities we can use if covid restrictions remain in place longer than July? And rollout of classes for those with off peak memberships after?	
5	Are you keeping the no show charges?	This is in place in other sites – we won't come in and change it straight away but we will see if it works and is right.

83

<b>Freedom</b>		
No.	Question	Answer
1	GLL are an employee owned enterprise – have you ever considered this about Freedom in the past and might in the future?	GLL are a different organisation to us, they were set up as a worker co-op which suited their purposes. However, Freedom set up as an exempt charity and don't see significant additional merits moving to a different structure, this is entirely appropriate for us and there are lots of opportunities for staff to be represented and understood.
2	Have you got a list of where Freedom currently operate their sites?	We don't have a list we can share with you but if you go onto Freedom's website you can see we operate right across England and Wales. Most local of which are; Littlehampton in Bognor, Forest of Deane, Guildford, etc.
3	What were the winning criteria that enabled Freedom Leisure to secure the selected bidder status when compared with the other two contenders that made it to the BAFO stage?	The Evaluation Panel fully evaluated the two compliant bids. The outcome of this evaluation showed that Freedom Leisure scored the highest on both Cost and Quality.

4	<p>While I am happy with what looks like will be a seamless transfer, there was one comment that did raise concern to me.</p> <p>There was a comment from Freedom that they might consider doing outside 'Expeditions' for which they would charge a nominal fee, £1 or 50p was mentioned. I hope that NFDC will make sure that they do not use, or get the correct permissions, to use the New Forest for commercial gain. While I absolutely understand that we want as many as possible to get out an exercise, I know that commercial use of the Forest is not something that should be encouraged. If they do go ahead with the plan, I hope you will make sure they get the right education on how to treat the area with respect.</p>	<p>Thank you for your question. We are very aware of the natural beauty and landscape of the New Forest and we will ensure that all relevant permissions are sought before any activity takes place, we will be ensuring that we utilise the full knowledge of the transferring local team where activities are planned outside of the facilities. It should be noted that the Active Communities role is wholly concerned with increasing participation and allowing opportunities for those not within the leisure centres and therefore is not for commercial gain. Freedom Leisure operate venues and facilities within contracts located within areas of natural beauty in England and Wales and more specifically in the Forest of Dean, Derbyshire Dales and Powys which includes sites in the Brecon Beacons.</p>
---	--	---

5	<p>Further to your recent emails, I and many others - nearly 2000, attended meetings over a year ago and voiced our opposition to this. Members of the customer focus group walked out of meetings and Liberal Democrat MPs have also voiced their concern and have now left the proceedings. Clearly this is going to happen whether the customer wants it or not. The new provider will have no accountability to the public. Not happy and there would appear to be no point in attending meetings since, as with the previous meetings, the decision will be made whether the customer wants it or not.</p>	<p>Thank you for your email.</p> <p>We would encourage you to attend one of the upcoming Customer Forums.</p> <p>I hope that these will help to reassure you of the level of accountability Freedom Leisure would have to the public.</p>
6	<p>Have you got protection should Freedom Leisure get so large that they sell the company to a venture capital group or other public quoted company?</p>	<p>Freedom Leisure is a charity with a board of voluntary trustees and therefore there is no "equity" to be sold. Charity law puts an "asset lock" on all charities which means that the company could only be merged into another similar charity with the same objectives enshrined within its governing documents.</p>
7	<p>Audits – Will area managers also see customers?</p>	<p>There's a section in the audit for customer service. There is an online tool for measuring these things. The audit digs into some of that. It doesn't say specifically to go and talk to customers but inevitably we will talk to customers as walking around. Also, customers will come and talk to us, which is a great opportunity to get feedback.</p> <p>On some of the other audits like QUEST, there is a mystery visit and also, they take a sample of customers as part of the audit process.</p>

		Would say that overall, we would want to talk to our customers constantly anyway and build feedback into our plans.
8.	Rollout of looked-after children scheme. What are the plans with that?	Looked after children scheme is an example that we tend to take something from every contract. Got this from Arun which they have adopted and rolled out. Can take any form – look at where the priorities are, work with the bodies, and try to improve access for those children e.g., specific fitness sessions, after school clubs etc. It can take any form, but the objective is getting looked after children more active and discounted access. Great to engage with people we wouldn't usually be able to.

98

<b>Financial</b>		
No.	Question	Answer
1	<p>a) If the centres make a profit, will these be retained within New Forest?</p> <p>b) Will revenues cover all of the operating costs – how will they remain solvent.</p>	<p>a) Yes, we will be reporting this to the council via open quarterly accounts to show how we are performing. If we generate a surplus then there is a surplus share arrangement and certainly in year 1 the vast majority would go to the council, but later on it would even up a little more. I'll be making the case that any surpluses that would otherwise return to the Council could be reinvested in the services, but the council may have other priorities too.</p> <p>b) Yes, it's got to cover our costs. We have a really good track record of doing that. This is our 19<sup>th</sup> year of operation and generating surpluses, not huge surpluses as they are reinvested. We are confident in the numbers, well evidenced, well researched. This will require a change in performance which is about investment and releasing potential within the staff teams and via our support. Some financial responsibilities for the buildings sit with the council.</p> <p>The council have allocated £500K per year for the landlord responsibilities.</p>
2	Can you give the detail of the funding mechanics and how will surpluses be invested?	Freedom are taking the demand risk, surpluses will be reinvested into the facilities, but that's a discussion. We will have regular dialogue with NFDC about the financials and how we reinvest is a joint decision.

3	I understand that NFDC wants to save £1 million but wants to now give them £1.5 million in year 1. Why not wait for a year or two?	<p>The medium-term financial plan had to be changed after Covid and the service would need significant financial support in year 1. Up to 1.5m of that support is now being given to Freedom because they will also bring investment and expertise.</p> <p>COVID has been challenging and even more so now we need the expertise that Freedom will bring.</p>
4	I understand the Council are offloading the centres for financial reasons. If Freedom Leisure is non-profit, why and how will you be able to make it work when the Council can't?	<p>We bring a Leisure focus – do things in a slightly different way to the council. Inevitably financial pressure equals need to reduce expenditure for the council services, but in a commercial environment this would often lead us to driving income and participation/usage and making things work in that way. So, in terms of what's baked into our bid, it's year on year increases in participation, organic throughout but kick start due to a significant investment, in facilities, energy management, and then experience and specialisms. 23 partnerships, support function of experts, all supporting the performance. We are very confident about the financial projections.</p> <p>The vision is to sustain the service, so there is a financial element to enable that to happen. But what is in the contract and specification is also about delivering the service going forward. What has been evaluated is the Freedom bid compared to council inhouse position. We have found that what Freedom will offer is more sustainable. Absolutely we have tried to reduce cost and look at income, we are clear that having a partner who is leisure focussed and brings all their expertise can and will do it better than we can as a council.</p>
5	Surpluses – are they ringfenced?	<p>For each, we produce monthly and quarterly accounts which identify where we are performing in the contract.</p> <p>Each one has surplus share arrangements – we look to put them back into the facilities from our side, but the council may have broader priorities, but we would encourage them to put them back into the services.</p>

Investment		
No.	Question	Answer
1	You speak about adding softplay, hub and café areas. Will it be extension or using existing capacity.	No additional building outside of the 4 walls, it is about better utilisation of internal space.  We have produced a number of plans – we think there is capacity to put them into the sites, but we will need to work with the onsite teams to develop the finer details of how they are delivered.
2	If we are to save money on buildings, can we not use precious space for a café as we don't have a lot of room for fitness. Reviews on Freedom also demonstrate that people complain of cold showers etc	Dropping the temperature of showers and pools is not an organisational policy for Freedom and there are industry standards for pool and shower temperatures. Online complaints are indicative of a problem and there will, inevitably be problems from time to time for example broken boilers. There is no intention to make savings by reducing temperatures. There is an agreement with sport England to 2025 which mitigates against any major changes at Lymington in the next 4 years, the proposal is to utilise the existing space at Lymington, so no activity space should be lost we plan to install a coffee machine in the reception area.
3	Will new café facilities at Ringwood use local suppliers? We have a great network of wonderful Hampshire food producers. Costa, a national chain, was mentioned. Can you reassure us that New Forest leisure centres will be serving New Forest and Hampshire food and drink?	We will be using national suppliers in the general, but there will be opportunities to use local suppliers.
4	Heard a lot about this being a partnership between the council and freedom.  Who is responsible for the upkeep of the fabric of the building? Are Freedom leasing the building from the council?	The Council is responsible for the fabric of the building and this will continue going forward. We undertook a full condition survey before we started the procurement process and the specification clearly details the council and freedom's responsibility as far as the building and the maintenance. Freedom will be leasing the buildings from the council



5	Investment – can you confirm this isn't just facilities but also equipment?	Yes, can confirm this includes equipment. This is initial investment, but we would like to do much more over a period of time, which will mean operating cost effectively and generating a lot of income so we can consider how we reinvest back into the services. That's the starting point – the better we do, the more that we do.
6	Hi just to say I really enjoyed tonight's meeting via teams, very informative. I may be being a bit premature here but if the equipment in the gym is being replaced will there be any opportunity to purchase any of the outgoing items, specifically studio bikes?	It is too early to know when any changes may take place. We are sure you will be made aware of any changes at the centre, please raise this with a shift manager at the time.
7	Very informative meeting – just one question are freedom's looking into any equipment for rehabilitation i.e. anti-gravity treadmills as these allow people who have had joint replacements, achilles injuries, ankle sprains, arthritis, sports injuries etc to still be able to use the gym for body and mind	We have made a substantial allowance for new equipment across the early years of the contract but have not as yet concluded the specific detail of what will be most relevant. An anti-gravity treadmill is a very expensive item of equipment and whilst it may not have the broadest usage, we are aware that it is very useful from a rehabilitation perspective. We will consider this within our deliberations as to the optimum equipment schedule for the facilities.
8	Equipment – when will this come in?	This will be phased in over a period of time but we will make sure we get the maximum out of the good existing equipment – we won't replace it for the sake of replacing it so it gets good use before we dispose of it.

Staffing		
No.	Question	Answer
1	Will new members of staff have access to the LGPS or will there be a new contract.	<p>Current staff transfer on their existing terms and conditions, but any new staff would go to the Freedom terms and conditions.</p> <p>New staff after the transfer on the 1<sup>st</sup> July cannot join as the LGPS is a closed scheme.</p> <p>There is a minimum rate per hour of £9.25 which would apply to all new staff.</p> <p>The way to deliver this service is to have a well-motivated workforce, well trained. No merit in looking to erode terms and conditions for the sake of it. Yes, there are financial pressures on the industry so there's always a balance. We are acutely aware that keeping staff on board and well rewarded is very important.</p> <p>It has been a difficult year and we are immensely proud of how the staff have reacted to the events.</p>
2	<p>a) Staff discounts – don't know if staff currently enjoy discounts but do you offer that and will you do so in the new forest?</p> <p>b) Staff/customers – will there be staff suggestion scheme and is there at other sites? Will customers have the ability to input their feedback?</p>	<p>a) Absolutely, we have a staff membership scheme across the business and encourage staff to use the facilities and work out alongside customers and experience the services from the customer point of view.</p> <p>There are also a broader range of staff discounts/staff benefits including access to reduced rates to supermarkets, holidays, cinemas etc.</p> <p>b) We use the whole range of suggestion schemes from staff and customers. They are both valued and useful to us. We will pick up what's currently in place and how well it's working, and to what extent we need to amend and evolve. Formal feedback is important but so are the informal systems, I expect the management, head office team and staff to be getting out and about to understand issues from the customers.</p>

Partnerships		
No.	Question	Answer
1	<p>Informative session. Great to hear about Sport England strategy. In final throws of putting our own strategy together as Energise Me and have done some consultation with inactive people for Hampshire and IOW. We have a workshop coming up shortly and would like your colleagues to join that call when it comes up.</p> <p>Would like an opportunity to speak to you 121 as we have been working to understand inactive audiences, many of which are in the New Forest.</p> <p>Question: You mentioned some of the CARDO work and how you've adjusted some of your services. Covid has had a massive impact including on bottom line, and you have mentioned relationships with other clients. What have you learned over the past 12 months and what implications may that have on this contract for the community you are going to be serving in the New Forest?</p> <p>We have a great amount of insight down at a local level – look forward to meeting up with you.</p>	<p>Very happy to take you up on the offer of a meeting and discussion, very pleased to do that. In terms of what have we learned:</p> <p>Everyone will have taken slightly different lessons/learnings, but one thing is the rural value of the service we operate. Knew some of that already, but the value for communities and individuals when isolated/with reduced social contract when we are relative social beings... it is essential to put a whole community around some of the services we offer, not just physical benefits for mental. Getting people back together e.g. in catering facilities after their activity is important. Reinforced that what we did is really important and we need to reactivate the whole services and not just the low hanging fruit. Gym, badminton is all important.</p> <p>Importance of our service and what we do going forward is more of a prevalent subject, getting coverage at a government level. Will also be about how we diversify slightly in terms of picking up more of the health agenda such as mental health which is now becoming more prevalent in society.</p> <p>Have also learned that our approach historically has been right in terms of our relationships and how we operate, and that has been echoed with the response from our partners. Have an appreciation for our style of management – sometimes a softer style (which we don't always like as a tag) and relationship building is more important than ever before.</p> <p>I sit on the UK Active council for young people and children. Increase in risk of obesity, especially younger people, is significant. Especially with school children at home rather than out an active. Challenge will be engaging with children and young people as they have experienced a lot of social isolation. Getting those children back out and moving will be a huge challenge. This will be a huge part of our reintroduction and how we engage with children digitally and physically around their physical activity.</p>

**Applemore**

No.	Question	Answer
1	<p>Applemore Early Years run a preschool in Applemore Health and Leisure. We are a nursery who started with 11 children a couple of years ago and heading to 60 or 70 families now. We are getting a good name within the local community and working with families to provide a very high-quality service. We want to make sure that this will be sustained, we complement the centre and continue to bring lots of families into the centre.</p>	<p>We have worked with several preschools on our sites, within school sites and close to our sites. Will be a partnership and it makes sense for us to do so. We will ensure the preschool is one of the groups we will meet with prior to transfer to discuss how can we work together more.</p> <p>In other contracts we have had agreements with preschool to develop creche spaces and support our customers who would like that facility so parents can attend classes or other activities. Hopefully we can give each other more opportunities and support.</p>

92

**Lymington**

No.	Question	Answer
1	<p>Why does the adjacent school have so much power to inhibit development at Lymington? There are concerns that the schools will prevent development like the café, and this is the concern of about 25 current members.</p>	<p>We have a dual use agreement in place with Priestlands for some use of the centre. Any changes to the site need to be agreed with the school.</p>
2	<p>I live local to centre and over summer there were instances of antisocial behaviour i.e graffiti. What will happen with regards to security?</p>	<p>Yes, we had an incidence of graffiti. We do have an agreement with a security company, and they are linked to our alarms. We have also looked at linking the CCTV based with NFDC. We also noticed that antisocial behaviour was linked with the lights being off which we try to do to be 'greener', but we have looked at increasing the time that we leave lights on to improve security. Unfortunately, there is a public footpath and no gate leading to a local Tesco express store, and we cannot therefore make the car park secure.</p>

		We will have some further discussions with the school regarding the security of the premises as we share the drive way and car park.
3	The hockey club have been using the facilities for many years however the ATP is now not suitable for the highest level within the club. Is anything being done about the condition of the ATP facilities?	NFDC have begun the process to replace the ATP. The specification for carpet replacement and lighting, goals etc is currently out for tender with bids expected mid-February. We hope work can be started ASAP, and we are looking forward to a pitch that can be used by all groups including clubs and the school. It is a high priority to get the ATP back to the best condition for play as soon as we can.

**APPENDIX 3B: STAFF Q&As**

<b>Staff Structures and Roles</b>		
No.	Question	Answer
1.	How do you envision the staff structure evolving?	<p>Nil change from 1<sup>st</sup> July. Will work out with the team what the medium/long term plan is. No preconceptions – no blueprint.</p> <p>We have different structures at different sites and will start from where you are. Maybe hours of operation may need to start earlier if there is demand in the future, which may impact on hours and resource required.</p>
2.	Where would you see the Shift Manager position in other structures you have?	We have various roles in various structures depending on the site/contract, we would need more information but typically it would be a 'Duty Manager.'
3.	Will you be keeping the same staff for marketing?	We use a combination of central and local staff for marketing. We will take on existing local marketing staff.
4.	Will you assess the current structures or roles? Are there any changes in the near future?	No – we do not have plans to change the structure from the start of the contract. There is no set template at our centres– will be on a bespoke manner. So will first need to understand the existing issues etc. and if there is a better solution going forward.
5.	Do you have back-office staff in centres?	Yes, we do have admin staff at centres, as you do, some processes will change as you change across to our systems.
6.	Is there going to be a centre manager per site or continue with existing structure. staff miss having a permanent centre manager on site	The current structure will remain as it is on 1 July, that is how we start. Once we understand how things work, we may review that, and may want to make some changes all based on delivering the service to our customers.
7.	Just need to know will we keep our jobs in the gym?	All staff including staff who work in the gym will transfer over to Freedom Leisure on their existing terms and conditions on the 1 <sup>st</sup> July 2021.

8.	In my role, I deal with a lot of the legal compliance testing issues within the Leisure Centres (emergency lighting, Fire Doors, RCD checks, slips tests, Legionella prevention etc). Also, I have access, and use, the CAD 2019 program. What access to information will I have going forward?	There will be two roles within the council that will work on the leisure contract with Freedom and look after our responsibilities as the landlord. We will need to discuss the logistics of how Freedom Leisure intend to manage the compliance and what systems will need to be put in place in order for you to complete your role uninterrupted as there is some integration with NFDC data. Thank you for raising the issue and we shall ensure this is discussed further during the mobilisation period.
9.	Will we still receive support from ICT as they currently assist us with back-office tasks.	You will continue to receive ICT support from the central ICT team at Freedom Leisure.
10.	Will managers be more target/sales driven?	<p>There will be an element of upping the ante commercially. We want to exceed targets to invest more. We will put in more sales resource, but there will be more targets across the board – the whole range of activities. Most people working in Leisure like working to an objective. Don't be anxious – it will be an opportunity to demonstrate what you do well.</p> <p>In terms of Shift Managers, you will be accountable for delivery but sales is a specialist role. You deliver the outcomes, not necessarily the “doing”.</p>
11.	Where will the central team currently located at ATC be located	We will need to work through the working arrangements. Options could include working from home, or within the leisure centres – a less common option is to keep an office within the council offices.
12.	What will be your sales approach?	There is no one size fits all approach. You have 5 good sites, but we can do even better, including sales resource – we will put in whatever is appropriate. There will be training and upskilling too. We will be basing this on the leisure insight surveys to grow past the pre-covid levels.

<b>Staff Terms and Conditions</b>		
No.	Question	Answer
1.	Will we lose our length of continuous service by signing a new contract?	No, you will keep your continuous service. At the point of transfer, you will not have to sign a new contract you will simply transfer on your existing terms and conditions.
2.	How long does TUPE go on before you can change contracts and terms and conditions?	Your current terms and conditions transfer with you and can only be changed in consultation. We have no plans at present to make changes, but we will need to make changes and respond to the service over time the same as you do now.
3.	Will the minimum £9.25 per hour also apply for additional hours?	Yes, this minimum is the base for any hours worked for existing and new staff on the New Forest contract.
4.	What will TUPE arrangements be will we get information on TUPE	We will have meetings with staff and these can either be 1-2-1 or in small groups. We want to communicate in the best way we can. Some queries will be personal and so 1-2-1's can be arranged as necessary. Meetings will be with NFDC management and Freedom Leisure. We aim to provide staff with as much information as possible on an ongoing basis right up to transfer. After the transfer Freedom Leisure will continue to communicate with you. If employees wish we will deal with queries individually. Freedom keen to do 1 to 1 and group meetings whatever are appropriate.
5.	Staff would like more clarification on leave. Will there be any restrictions on how leave can be taken?	We will expect staff to take their leave in the year it applies, it is good for staff to have their leave, but there could be situations where staff may carry over some leave.
6.	Will we keep our extra 5 days for continuous service?	Yes, part of Terms and Conditions, so will transfer.
7.	What is your stance on casual contracts?	All current roles happening now need to happen going forward which would include casual staff for continuing delivery of service. For TUPE we looked back 12 weeks and identified the hours that were placed on the TUPE list.



8.	I understand that the current NFDC contracts will be honoured but will the staff still be able to pay into their Hampshire Local government pension when they are no longer employed by government? If this is not the case, I am presuming the LGPS will effectively become “paid up” whilst Freedom Leisure will engage their preferred provider.	There is a requirement within the contract for Freedom Leisure to obtain Admitted Body Status from the LGPS (Local Government Pension Scheme). This will provide all transferring staff with continued access to the Local Government Pension Scheme.
9.	Will the transition year affect how we can take annual leave during that year.	No, normal annual leave will remain in place
10.	Will my annual leave allowance remain the same,	Yes
11.	Will the holiday year still run from April to March each year,	All staff transfer with their current terms and conditions and this includes the holiday year. This is different to Freedom Leisure’s holiday year which runs from January to December, this may mean at some point in the future we may look to review this in order to have a consistent approach across the business, however, we would always consult with all of the staff teams before any decisions were taken.
12.	Will we still have access to an employee handbook, as we currently have access via Forestnet.	Whilst you will no longer have access to Forestnet, you will have full access to the Freedom Leisure Intranet documents. All staff and employee information are contained within the intranet as well as all health and safety and other documentation that you will need for your specific job role and operations of the facilities.
13.	Do you plan to harmonise any Terms and Conditions after TUPE?	No – we currently have 23 different sets of Terms and Conditions across the business and we are not looking to harmonise.
14.	Will there be a Uniform for staff – as a Group Exercise Instructor do you have the same uniform for gym, Personal Training and Group Exercise	Uniform provided for all staff. More relaxed about Group Exercise Instructors, so it's available if they want it. All others we insist on wearing of uniform.  Had a change of style prior to covid, new styles have gone down well, and we did consult with a good number of staff and we took on their feedback.

<b>Training, Qualifications and Progression</b>		
No.	Question	Answer
1.	What sort of training and progression is available for managers?	We have an internal training department that oversees all statutory training requirements. In addition, we have two management programmes that have been offered which focus on the level below General Manager for aspiring GM's and then a programme for GM's aspiring to be Area Managers. There is an open application process for these when new programmes are launched. We are very proud that the majority of our GM's and AM's have been promoted in to those positions over the years.
2.	Our training has often been on the job and not always via formal means. How will you approach this?	We have a mix of local and central run training along with continuous on the job training.
3.	NPLQ (National Pool Lifeguard Qualification) renewal is coming up – what will the procedure be?	As long as you are up to date with the training hours then all would renew as normal/with the trainer. Deadline has been extended also, due to Covid.
4.	What would the opportunities be for progression within each centre? E.g., for SLAs to Shift Managers and beyond. - done	The structure will transfer as it is – we have been clear that we will not change that structure, and we do not have a template structure – different at each partnership.  We will need to spend some more time speaking to Jo, Mark and Ross to see how it is working. But over a period there may well be opportunities for you.  As a large leisure focussed operation, there may well be opportunities for you beyond the new forest contract too.
5.	CARDO post. There will be other roles like that, that will be introduced. What other roles might these be?	Likely to introduce some sales posts, and as we go on there might be other roles that may be introduced. Also, kickstart for apprenticeships.
6.	How will lifeguarding work with the new operator e.g. Will we still follow basic Royal Life Saving Society guidelines on lifeguards? As some leisure facilities can be poor at lifeguarding.	Freedom do follow the Royal Life Saving Society guidelines and will look to come down with their existing Trainer Assessor's and complete competency assessments before the 1 <sup>st</sup> July. Freedom also confirmed they would use NFDC's existing Trainer Assessor's for training thereafter.

<b>Programming/Memberships/Operations</b>		
No.	Question	Answer
1.	Existing memberships offers – will these all change on 1 <sup>st</sup> July 2021?	These will stay the same, and members may also access all 101 of our centres.
2.	What are your plans for fitness moving forward?	<p>Investment in facilities – gyms and in studios. We will continue to develop and support the existing programme. We want to provide an inclusive service to a wide demographic, e.g., some are older, and some will have health needs. Need good staff, as they are a lead part of the product.</p> <p>We recognise that NFDC have good/extensive group exercise. We will work with you on what to add or enhance. We know that some Les Mills virtual is offered but we will look at what other digital offering options these will be based on demand.</p>
3.	I teach yoga – will Freedom Leisure continue with this?	No change in programming from 1 <sup>st</sup> July, so Yoga will continue.
4.	Emergency Actions Plans and Standard Operating Procedures?	During the mobilisation period between now and July we will look over the operating procedures with the management team and ensure that we understand them and are happy with the processes put in place. We need to ensure we are comfortable with the existing processes before we gain responsibility on the 1 <sup>st</sup> July. After 1 <sup>st</sup> July we will look to review them and make some format changes along with any further improvements if we feel they are required.
5.	Do you follow British gymnastics and RLSS agenda?	<p>Gym and trampolining – keen to know where you are at the moment.</p> <p>Freedom operate to National Governing Bodies standards.</p> <p>We also operate to Royal Life Saving Society (RLSS) standards.</p> <p>We follow RLSS standards and agenda</p> <p>As part of mobilisation, we will come down with some Trainer Assessors and complete competency tests on lifeguards, this is standard for mobilisation, not a reflection on NFDC at all.</p>
6.	What will the gymnastics or gym tots programme be like? For example, following British Gymnastics guidelines in running recreation including badge schemes and instructors.	Freedom is interested to know where you are in terms of British Gymnastics and trampolining and have a range of varieties across there centres. Here will be more discussions regarding this closer to mobilisation.

7.	You mentioned the management system for maintenance. What will happen with existing contractors, and with onsite maintenance?	We would not reduce on-site maintenance. As far as Contractors – ahead of transfer we will get a list from NFDC – some will be the same anyway, and then we will decide. We have some national contracts, but we also want local for quick response times etc.
----	---	--

<b>Investment</b>		
No.	Question	Answer
1.	What investment will there be in Lymington?	Swimming pool features, equipment, energy management. These are just our proposals – there may be other elements that come up through the 11 years. If there are issues/opportunities, we'll do this but we will need to deliver the income targets
2.	What will happen to the staff room, it looks like on the investment plans that this could change?	We will work with architects and with the team to figure out how it would work in reality. The plans will need tweaking once we are on site.
3.	I note the investment which will mean building work in centres. Will this mean temporary closures? What will happen to the staff during this time?	No full closures but there will be some partial. No plans to close. We have done far greater amounts of work in other sites and remained open. We may need to look at options such as reallocating gym into the Sports Hall during works. All but one of our previous contracts have been done whilst the buildings are in operation.
4.	What sort of features are you looking at adding to pools?	We work closely with Hippo leisure. We recognise that we can offer some children's integration panels for water confidence. possibly small slides depending on ensuring its does not compromise safety We have not got a fixed outcome, but financial provision made for water features so dependent on discussions to get the right outcome for each pool. Further site visits will help inform the right decisions to make pools more attractive

Freedom		
No.	Question	Answer
1.	I googled Freedom – staff reviews are negative regarding communication from management.	Communication is easy to comment on or criticise. We do pretty well across the board. One observation is that social media is associated with discontent. We have 4,500 staff – often you will get a number of staff who do not think it is a 100% utopia. Survey outputs are by and large very positive. But perhaps we can revisit this in 12 months - so that you can judge for yourselves.
2.	Can you give us insight into what is key to your success?	Engagement of people, getting them to deliver. We believe in what we say – local delivery, not one size fits all. Head office supports the staff – belief is key. Be bespoke. People have a passion for making a difference in people's lives.
3.	What is your inclusivity of staff i.e., do you employ any staff with disabilities?	We have very clear Equality & Diversity as well as Disability Discrimination Policies that all levels of staff are required to comply with. We will always work with individuals to ensure they are able to fulfil their potential regardless of any disability.
4.	What is your process for customer feedback, and how do you like to take it forward as it can be emotive during a transfer?	Customer feedback – absolutely welcome feedback, our business only works if we deliver the service for customers. We have formal feedback (comments cards, net promotor score etc) and informal through staff. It is important this is captured to understand what that means for delivery of service.
5.	How do you communicate with the range of staff employed?	Payslips are now on an electronic portal, so we can share information via there, we find this has been an additional way of communicating with staff.

#### APPENDIX 4: EXAMPLE PERFORMANCE REPORTS

Performance Report	Monthly	Quarterly Reports	Annual Reports
Dashboard Reports	✓	✓	✓
Key Performance Indicator Report	✓	✓	✓
Net Promoter Scores and Customer Satisfaction Action Plan	✓	✓	✓
Quarterly Monitoring Report (see table below for contents)		✓	✓
Strategic Performance Indicator Report		✓	✓
Annual Service Report (see table below for contents)			✓
Environment and Energy Plan			✓
Event Management Plan			✓
Marketing Plan Report			✓
Assurance Framework Report			✓
Annual Planned Preventative Maintenance (PPM) Schedule			✓
Annual Schedule of Programmed Maintenance			✓
Annual Lifecycle Replacement Programme			✓
Annual Update of Equipment Inventory			✓
Sport England Quest and National Benchmarking Service outputs and subsequent improvement plans			✓

<p><b>Quarterly Monitoring Report</b></p>	<ul style="list-style-type: none"> <li>- Customer Experience</li> <li>- Cleaning and Housekeeping</li> <li>- Food and Beverages</li> <li>- Marketing, Research and Comms</li> <li>- Data and ICT Management</li> <li>- Health and Safety Management</li> <li>- Major Incident reporting</li> <li>- Active Lifestyles</li> <li>- Opening Hours</li> <li>- Access</li> <li>- Programming For All</li> <li>- Pricing</li> <li>- Staffing and Skills Development</li> <li>- Safeguarding</li> <li>- Equalities</li> <li>- Ventilation</li> <li>- Heating and Lighting</li> <li>- Pool Water Quality</li> <li>- CCTV &amp; Security</li> <li>- Statutory/Mandatory Inspections</li> <li>- Building Maintenance</li> <li>- Equipment Maintenance</li> <li>- Grounds Maintenance</li> <li>- Environment/Energy Management</li> <li>- Water and Drainage</li> <li>- Any specialist reports as listed above</li> </ul>
<p><b>Annual Service Report</b></p>	<ul style="list-style-type: none"> <li>- Financial Report</li> <li>- Staff Satisfaction Survey Report</li> <li>- Any specialist reports as listed above</li> </ul>

This page is intentionally left blank



Not for Publication by virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank