

REPORT OF CABINET

(Meeting held on 5 October 2022)

1. LEADER'S ANNOUNCEMENTS (MINUTE NO 35)

At the Cabinet meeting, the Leader referred to the sad death of HM The Queen, and highlighted the role the Council played to support communities to reflect and mourn. Moving forward, the extension of the Green Canopy tree planting initiative will be a lasting and fitting tribute to The Queen, with the Council taking forward 60 trees in 30 locations in The Queen's name in the upcoming planting period.

In addition, the Council has been awarded £540,000 as part of the Government's Rural Prosperity Fund, enabling the Council to support rural businesses and communities across the District over the next two years. The funds add to the Council's overall share of the UK Shared Prosperity Fund.

2. HEALTH AND WELLBEING PLAN (MINUTE NO 39)

The Cabinet, having considered the detailed work of a Task and Finish Group in the development of a Health and Wellbeing Plan for the District, is recommending to Council.

The plan, as set out in Appendix 1 of Cabinet Report 4 of the Cabinet Agenda, brings together a suite of actions designed to help and support the health and wellbeing of residents of the District. The plan covers the period 2022 to 2025 and will be reviewed annually.

The plan supports the Strategy for the Health and Wellbeing of Hampshire 2019-2024, compiled by the Hampshire Health and Wellbeing Board. It builds upon the work that has been ongoing for many years across a number of tiers of local government, involving partners and other public bodies.

The priorities within the plan are captured in three overarching areas:-

- Working in Partnership
- Increasing Physical Activity
- Improving Mental Wellbeing

The Council has a key role to play in improving the health and wellbeing of residents, working with communities to develop opportunities for sustained behaviour change and support residents to feel empowered to create that change. Working together with organisations, the Council can assist in ensuring respective resources are maximised for the greatest effect.

At the Cabinet meeting, the Health and Partnerships Manager highlighted the national studies that informed the plan. Members were informed that the partnership approach, aided by a live document, would ensure areas of focus. It was noted that priority one of the plan included the establishment of a Healthier New Forest Partnership, which would produce an action plan to target priorities.

Cabinet fully endorse the plan and look forward to seeing positive health outcomes for the residents of the District.

RECOMMENDED:

That the Health and Wellbeing Plan is adopted.

3. YEAR ONE SUMMARY OF THE FREEDOM LEISURE CONTRACT (MINUTE NO 40)

The Cabinet, having considered the year one summary of the Freedom Leisure Contract, noted the financial implications of both the transition year and the Net Income Adjustment built into the service contract with Freedom Leisure. This is to take effect in the second year of the contract.

The Community, Partnerships and Wellbeing Overview and Scrutiny Panel continues to receive a regular report on the performance against the contract.

Commercially, the first year of the partnership has focussed on the recovery of both fitness and swim lesson memberships following their decline during the coronavirus pandemic. Whilst swimming lessons have shown a positive recovery back to pre-pandemic levels, health and fitness memberships have taken longer to recover and continue to trail pre-pandemic levels as the contract enters its second year. Generally, this performance mirrors that of the wider leisure industry. In year two of the contract, the continued recovery of health and fitness memberships is the primary commercial challenge for Freedom Leisure.

Operationally, the cost of energy, specifically gas and electricity, has placed significant pressure on the operational costs of the leisure centres, in particular the heating of the swimming pools. Freedom has taken a number of local mitigation actions to reduce the impact of the external cost pressures, but this area remains a primary challenge for Freedom in the second year of the partnership.

The contract provides two key financial mechanisms which have been triggered following the first year of the partnership:-

- The Top-Up Mechanism (Transition Year)
- The Net Income Adjustment (Contract year 2)

The contract allows for an open-book arrangement within the first year of the partnership and, based on their provisional outturn for the year, subject to the final audited accounts, the Council will pay an overall management fee to Freedom Leisure of £1.23million (the capped value as per the contract). Provision within the Council's 2021/22 year-end accounts has been made for this overall payment, with a small additional sum coming from the 2022/23 budget.

Pursuant to the terms of the contract, the year two forecast provided by Freedom Leisure has confirmed the Net Income Adjustment triggers have been met, and both parties have agreed this to be the case. The value of the NFDC share of the Net Income Adjustment calculation will be finalised following the end of year two. The Council's share will be covered by existing NFDC budget provision.

At the Cabinet meeting, the financial implications were discussed and it was highlighted that there would have been a significant financial burden solely with the Council, had it not entered into the partnership.

With regard to feedback on services, it should be noted that there is a fine balance with pool temperatures to be had, taking into account customer needs, rising energy costs, and environmental considerations. Freedom Leisure are committed to the national guidelines for pool temperatures. Wider investment is currently taking place in the venues at the moment, with new much improved café, soft play, gym and front end facilities.

4. TRANSFORMATION PROGRAMME (MINUTE NO 41)

The Cabinet supported the development of a council-wide transformation programme to improve service outcomes and contribute budget savings as outlined in the Medium Term Financial Plan. A business case will be brought to the new administration in advance of the commencement of the programme in Q1 2023/24.

The Council has a good track record for delivering services to residents and is ambitious in setting corporate plan priorities that matter to the people of the New Forest, putting the community first. There is a continued commitment in the Council's vision to secure a vibrant and prosperous New Forest, guided by the people it serves. However, the needs and expectations of our residents are changing as a result of changing age demographics, progress in technology, post-Covid behaviour change and impact of the cost-of-living crisis. There is a need to respond to these changes whilst maintaining our performance and focussing resources on the Council's priorities.

There is also an increasing need to ensure we deliver services efficiently, optimise income generation opportunities and maximise the use of our assets. This is against the backdrop of increasing operational costs and reduced funding resulting in a forecast deficit totalling £1.229 million for 2023/24, increasing to a cumulative £3.353 million by 2026/27.

The programme is expected to include the following five phases:-

- Define
- Understand
- Design
- Implement
- Sustain

At the Cabinet meeting, assurance was given that the Transformation Programme would not take away the Council's ability to respond to residents' needs through the Hardship Fund arrangements. The programme will put the needs of residents at the heart of service delivery, and whilst digital methods will be pursued for internal efficiencies and for those customers that wish to engage in a digital manner, contact with the Council will remain available in other ways for those who cannot access services digitally.

**COUNCILLOR E HERON
CHAIRMAN**