

ASSET MAINTENANCE & REPLACEMENT PROGRAMME AND GENERAL FUND CAPITAL PROGRAMME 2021/22

1. Purpose of the report

- 1.1 This report provides the panel with the proposed revenue funded Asset Maintenance & Replacement programme (AMR) and General Fund Capital programme for 2021/22 and outline budgets to 2023/24.

2. Background

- 2.1 The Council's General Fund revenue budget includes a large budgeted sum for the maintenance and cyclical replacement of Council owned assets. The AMR programme budget for 2020/21 totalled £1.8M (shown within appendix 1), with a further £826k of one-off requirements funded by the General Fund and HRA;

	General Fund £'000	HRA £'000	TOTAL £'000
ICT Strategy 2018-2022	604	124	728
Community Grants	98		98
	702	124	826

- 2.2 The November 2020 Medium Term Financial Plan included a General Fund revenue budget allowance to cover the AMR programme of £1.7M for 2021/22 (£1.9M programme total less £200,000 rechargeable to the HRA). There are currently no planned adjustments to the overall programme budget over the period covered by the current Medium Term Financial Plan although increases in Vehicle and Plant prices and increases to maintenance requirements at the Health and Leisure centres are likely to put additional pressure on these sums over the medium term.
- 2.3 Service Managers were asked to come up with their proposed projects for 2021/22 with a strong brief that the programme had to be within the financial parameters set and realistic in terms of timeframes and deliverability. The programme now being proposed exceeds the budgeted sum by £6k.
- 2.4 The proposed Capital Programme for 2021/22 totals £18.247M and projects are funded by NFDC resources (capital reserve and receipts received), various grants / funds and Developer Contributions / CIL.

3. Proposed Asset Maintenance and Replacement Programme 2021/22

- 3.1 The bid categories for the submitted programme for 2021/22 were;
- 1 – Protect & Maintain Front Line Service Delivery
 - 2 – Efficiency / Savings / Income Generation
 - 3 – Improve / Enhance Value of Asset
- 3.2 The summary programme covering 2020/21 – 2023/24 is included as appendix 1. The budget is monitored at this overall summary level to allow for sufficient flexibility should more urgent projects come to light during the financial year.
- 3.3 The 2021/22 proposed programme at project level is included as appendix 2.
- 3.4 **Further Information Relating to Projects**

Refurbishment of Communal Areas of ATC

A programme of works to bring communal areas and meeting rooms up to a modern corporate standard, to include, for example, painting & decorating, replacement worn carpet and fire doors in corridors & linked areas.

Solar PV Upgrade / Repairs

Due to the length of time since installation, reports were commissioned which showed the systems required repairs and upgrades which included:-

- Emergency shut down procedures and mounting systems in need of attention
- DC sensitive RCDs need installing
- String cables need to be identified and numbered

In addition, Technology has moved on since the systems were installed and the existing inverters need to be replaced with solar edge inverters.

Payback will be 3 years due to improved FiT and electricity savings.

New Milton Info Office Air Handling Unit

The Offices heating, cooling and fresh air circulation is supplied by an AC system made up of a chiller, boiler and Air Handling unit located in the external plant room these supply constant fresh air and either heating or cooling as required to the building via several FCU's (fan coil units). The boiler and chiller have already been replaced and the AHU is now 16 years old and so at the end of its useful life.

The cost of the AHU will be shared between NFDC and the tenants (NMTC and PCC).

Replacement Roller Shutter Doors Marsh Lane Depot

The doors to the vehicle workshop have reached the end of their useful life, and so are in need of replacement.

Replacement Life Cables at Lymington Town Hall

The lift cables have become worn and stretched and are now in need of replacement.

CCTV Camera Replacement

The proposal is to replace around 12 cameras per year to ensure a full and effective service coverage, mitigating any service loss or significant expenditure in any one financial year. This will ensure that cameras are replaced within their expected lifecycle enabling the council to deliver on its community safety priorities. As cameras age, they become unstable and unserviceable, therefore when a fault occurs replacement is necessary. Failing to replace results in a camera not fulfilling its operational purpose - including no movement, control or loss of zoom function. If cameras are not working, there may be an impact on delivery of community safety objectives or system objectives, including the prevention and detection of crime. Ageing cameras also lead to an increase in maintenance costs and an unwillingness for prospective contractors to offer comprehensive cover.

Vehicles & Plant Replacement Programme

Members will note that the replacement of Vehicles & Plant (V&P) occurs on both the revenue AMR programme and the Capital Programme. The Council's policy is to capitalise individual items with a value greater than £10k and then depreciate these over their estimated useful life. The capital programme therefore includes the cash amount required to purchase the V&P, and the revenue programme includes the depreciation charge. The depreciation charge to revenue then makes a direct contribution towards the capital cost through a charge known as the Minimum Revenue Provision (MRP). The significant Capital Outlay required will result in older less efficient vehicles being replaced with the latest more efficient models.

For 21-22 the replacement programme for the refuse and recycling part of the fleet focuses in the main on vehicles which can be utilised on our current service, whilst also being suitable for a future service, albeit in some cases with some retrospective modifications likely (these and other issues will be explored more fully in the final waste strategy). The vehicles in the programme will in some cases reach 9 year's old in 2021 and are at the end of their economic life.

ICT Equipment Replacement Programme

The Council invested significantly in new devices over the period 2017-2019. Some of the earliest devices will reach their 4 year suggested useful life during 2021/22, and so a replacement programme will need to commence during this financial year.

Demolition of 2 Public Conveniences

Barton Beach public conveniences are situated on the foreshore and have been closed since March 2020 due to Covid restrictions as it is not able to be met by the layout and condition of this PC. The building is temporary structure installed just over 10 years ago is seeing serious corrosion due to the coastal environment and is at the end of its life span. The location of the current beach

toilet's falls within a site of special scientific interest as well as near to significant coastal cliff fall. Which will impact on any future planning application There are alternative facilities on the cliff top that serve residents and visitors using the beech area. The Barton Court Ave Public toilets are 300m away from the Beach toilets and are conveniently located near the Fisherman's walk & Hoskins gap entrances to Barton Beach.

The removal of this asset will require consultation, as the building is no longer viable to retain.

Calshot Beach public conveniences are situated on the foreshore and have been closed since March 2020 due to Covid restrictions as it is not able to be met by the layout and condition of this PC. There are alternative facilities in at the entrance to Calshot foreshore car park that serve residents and visitors using the beech area. The two buildings are 660m apart with easy access via walking and or parking. The Calshot activity Centre also has accessible toilets for cafe visitors. The site could be reviewed with the possibility of a new structure for a purpose-built kiosk or café.

The removal of this asset will require consultation, as the building is no longer viable to retain.

Health & Leisure Centres Annual Maintenance Programme

During 2019, a full condition survey of the Council's 5 Leisure Centres was procured by the Council and carried out by a third-party specialist. The resultant report identified a works schedule covering a 15 year period to maintain the centres at the current standard/condition. Annually, this report will be reviewed and will inform the necessary maintenance required at the Leisure Centres. The maximum the Council can afford to fund during 2021/22 is £500k. The prioritised programme of works will be agreed with the Executive Head with responsibility for Leisure.

Stillwater Park

The project approved last year (to address reported water leaks on the site, necessary to upgrade windows, doors and electrics to the fixed buildings and repair/replace boundary fencing) will now be completed in 2021/22. The funding has been carried forward from 2020/21.

- 3.5 The programme as outlined above totals £2.003M. Of this total, approximately £214,000 is rechargeable to the HRA and £15,000 is rechargeable to NMTH tenants. The resultant programme to be funded from the 2021/22 General Fund therefore totals £1.774M.
- 3.6 As outlined in paragraph 2.2, the sum available within the MTFP is £1.7M, this is supplemented with the £68,000 of carried forward funding from 2020/21, resulting in a total resource availability of £1.768M. The current programme totalling £1.774M exceeds the resource available by £6,000. This can be covered within the MTFP.

3.7 **Other One-Off Funded Programmes**

The ICT Strategy and Budget Update Report presented to the panel in November covered an update on the delivery of the ICT strategy covering 2018-2022.

The Community Grants Panel have been given a maximum budget of £100,000 for one-off construction grant applications for 2020/21. The Panel are well aware this is a financial ceiling, and not a target.

The above will require financial resources, funded by the revenue budget or reserves and will be included on the Medium Term Financial Planning Reports through Cabinet.

3.8 **Other non one-off projects for consideration in the MTFP**

Coastal Recharge - £100,000 (Per Annum: 3 to 4 years)

Typically an annual recharge is undertaken on the Milford 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, until a major coast protection scheme can be delivered this work will need to continue. Insufficient revenue maintenance budgets (£213k) cannot continue to meet the cost of this work.

4. **General Fund Capital Programme 2021/22**

4.1 The capital programme consists of projects funded by NFDC resources (capital reserve and receipts received), various grants / funds and Developer Contributions / CIL.

4.2 The proposed programme for 2021/22 totalling £18.247M including the outline financing is included as appendix 3. The project proposals for a 3 year period have been included for overall context, although only the projects commencing in 2021/22 are gaining approval to proceed at this stage.

4.3 **Further Information Relating to NFDC Funded Projects**

Public Convenience Modernisation Programme

The Public Convenience task & finish group determine which Public Conveniences are deemed as suitable for renovation and when. The next scheduled and recommended replacement is Lymington Quay. The standard sum of £300,000 has been allowed for within the Capital Programme.

Public Convenience Additional Enhancements

The Public Convenience due for renovating in 2020/21 is Lymington Quay (delayed from 2020/21). A broader project to enhance the quay as a visitor attraction has been drawn up. To achieve this outcome, an additional £75,000 is allowed for within the Capital Programme by way of 'additional enhancements'.

It is envisaged the wider scheme will also require investment from the Council's Commercial Property fund (herein referred to as the Council's 'Economic Sustainability and Regeneration fund') with the scheme progressing subject to meeting the Council's expected requirements of a revenue return as against the capital employed.

New Depot Site

Following initial works to assess the suitability of Hardley Industrial Estate as a new (alternative to Claymeadow) depot site for the Council, work is on-going to bring together a fully costed specification and accompanying business plan. This will be presented to the Cabinet to make a decision before the development of site commences.

A budget has also been set aside to commence initial work on a suitable site to the west of the District.

Vehicles & Plant

The significant Capital Outlay required will result in older less efficient vehicles being replaced with the latest more efficient models. More detail is covered in para 3.4.

Smarter Working

This project has been included on previously adopted Capital Programmes and relates to the roll-out of flexible ICT to enable remote working, and the updating to new corporate standard flexible workspace. To date, Cabinet have approved utilisation of £1.75m from the Smarter Working budget. The same adopted principle will apply to the use of the future delivery funding, in that Cabinet members appointed to the Smarter Working Project board will ratify and approve any future phases and requirement for additional spend beyond the £1.75M already committed. The learning from 2020/21 as a result of the forced move to remote working will no doubt be significant in shaping the way in which the Council operates going forward and is likely to be a significant step towards the Council becoming more environmentally friendly.

5. Crime & Disorder / Equality & Diversity / Environmental Implications

- 5.1 As the Council invests in the maintenance and replacement of its assets, it will do so ensuring environmental implications are considered and where it can, the delivery of energy efficiencies, whether that be in lighting / heating or in more economic vehicles, will be at the forefront of the Council's spending decisions.

6. Conclusion

- 6.1 The AMR programme represents a significant element of the Councils annual net expenditure. The General Fund budget requirement for 2021/22 is £1.706m, broadly in line with the sum as allowed for in the latest Medium Term Financial Plan.
- 6.2 The Council is committed to the continuation of its investment in ICT and the financial implications to deliver the strategy 2018-22 will be included on the appropriate Medium Term Financial Planning Reports through Cabinet.
- 6.3 The General fund Capital programme is funded in several ways, and the net NFDC funding requirement for 2021/22 after Vehicle & Plant internal borrowing is taken into account is £6.850m.

7. Recommendations

- 7.1 That the members of COSP;
 - a) note the contents of this report and appendices and recommend the schedule of projects as included at appendix 2 and 3 be agreed by the Cabinet for inclusion in the 2021/22 budget.

Alan Bethune
Chief Finance Officer (S151)
Tel: 023 8028 5001
Email: Alan.Bethune@NFDC.gov.uk

Background Papers

	2020/21	2021/22	2022/23	2023/24
ASSET MAINTENANCE & REPLACEMENT PROGRAMME	£'000's	£'000's	£'000's	£'000's
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		
	796	778	-	-
ICT Replacement Programme	150	100		
V&P; Deferred Expenditure (Depreciation / MRP)	1,082	1,125		
	2,028	2,003	-	-
Rephased Budget from previous year	- 28	- 68		
Less: Proportion rechargeable to Third Party Tenants		- 15		
Less: Proportion allocated to HRA	- 200	- 214		
Total Revenue Programme	1,800	1,706	1,700	1,700

APPENDIX 2

Portfolio(s)	Category Key (1 - 3)	Location	Project Name	AMR Prog. Value 21/22 £
F, I & CS	2	ATC	Refurbishment of Communal Areas	20,000
F, I & CS	2, 3	ATC	Solar PV Upgrade / Repairs	20,000
F, I & CS	1	New Milton Town Hall	New Milton AHU	30,000
F, I & CS	1	MLD	MLD Roller Shutter Doors	30,000
F, CS & I	1	LTH	Lymington Town Hall -Replacement Lift Cables	12,000
			TOTAL OFFICES AND DEPOTS	112,000
Community Affairs	1,2	Multiple	CCTV Update	38,000
F, CS & I	1,2	District Wide	V&P Replacement Programme	1,125,000
F, CS & I	1		ICT Device Replacement	100,000
			TOTAL CYCLICAL REPLACEMENT	1,238,000
E & R	1	New Milton	demolish building	30,000
E & R	1	Calshot	Demolish building	30,000
			TOTAL PUBLIC CONVENIENCES	60,000
L&W	1,2	5 Leisure Centres	Maintenance Programme	500,000
			TOTAL HEALTH & LEISURE	500,000
Housing (GF)	1	Stillwater Park	Stillwater Park Improvements – DEFERRAL*	68,000
			TOTAL NON-CORE PROJECT FUND	68,000
				2,003,000

*Funded via rephased budget from 2020/21

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	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	5,300,000		5,300,000				
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	F,CS&I	3,000,000							
- Crow Lane Ringwood	F,CS&I		4,000,000	2,395,000	5,000	4,000,000			
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	
TOTAL GENERAL FUND CAPITAL PROGRAMME		10,810,000	18,247,000	10,123,000	4,613,000	13,512,000	1,200,000	2,675,000	860,000
									18,247,000
LOAN FINANCED					V&P	-3,462,000			
					80% of Economic Regeneration	-3,200,000			
RESIDUAL NFDC RESOURCES						6,850,000			