

ASSET MAINTENANCE & REPLACEMENT PROGRAMME AND GENERAL FUND CAPITAL PROGRAMME 2022/23

1. RECOMMENDATIONS

- 1.1 That the Cabinet approve and recommend to Full Council that the schedule of projects, as included at Appendix 2 and 3 be approved within the 2022/23 budget.

2. Purpose of the report

- 2.1 This report provides the proposed revenue funded Asset Maintenance & Replacement programme (AMR) and General Fund Capital programme for 2022/23 and outline budgets to 2024/25.

3. Background

- 3.1 The Council's revenue budgets include large sums for the maintenance and cyclical replacement of Council owned assets. The AMR programme budget for 2021/22 totalled £2.003 million (£1.706m falling on the GF; shown within appendix 1), with a further £638,000 of one-off requirements funded by the General Fund and HRA;

2021/22	General Fund £'000	HRA £'000	TOTAL £'000
ICT Strategy	437	121	558
Community Grants	80		80
	517	121	638

- 3.2 The December 2021 Medium Term Financial Plan included a General Fund revenue budget allowance to cover the AMR programme of £1.9 million for 2022/23 (£2.1 million 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 are likely to put additional pressure on these sums over the medium term. Necessary increases to maintenance requirements at the Health and Leisure centres will be covered by increased management fees over the life of the contract with Freedom Leisure.

- 3.3 Service Managers were asked to come up with their proposed projects for 2022/23 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 matches the funding allocated.
- 3.4 The proposed Capital Programme for 2022/23 totals £16.674 million. Projects are funded by NFDC resources (capital reserve and receipts received), various grants / funds and Developer Contributions / CIL.

4. Proposed Asset Maintenance and Replacement Programme 2022/23

- 4.1 The bid categories for the submitted programme for 2022/23 were;
- 1 – Protect & Maintain Front Line Service Delivery
 - 2 – Efficiency / Savings / Income Generation
 - 3 – Improve / Enhance Value of Asset
- 4.2 The summary programme covering 2022/23 – 2024/25 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.
- 4.3 The 2022/23 proposed programme at project level is included as appendix 2.
- 4.4 **Further Information Relating to Projects**

East Wing Electrical Cupboard Rewire – ATC £40,000

Remove old redundant Miniature Circuit Breaker and upgrade existing Moulded Case Circuit Breaker to current standards. Rewire circuits.

Renew Obsolete Electrical Board – ATC £20,000

Upgrade obsolete Crabtree Polestar board with modern equivalent of sufficient capacity.

Refurbish East Wing Flat Roof – ATC £32,000

The roof has felt roof coverings with solar reflective coating and perimeter edge trim which has previously been subject to several patch repairs. Full refurbishment works are now required as there is evidence of water ingress in the staircase below and an inadequate upstand detail at the junction with the three- storey block.

East Wing PVC u Rooflights – ATC £26,000

The PVCu rooflights glazed with Georgian wired glass are in poor condition and need replacing with a modern polycarbonate man safe domed roof light.

Vehicles & Plant Replacement Programme £1,312,000

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 22-23 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 2022 and are at the end of their economic life.

ICT Equipment Replacement Programme £100,000

The Council invested significantly in new devices over the period 2017-2019. Some of the devices will reach their 4 year suggested useful life during 2022/23, and so a replacement programme will need to continue during this financial year.

Cemeteries – Beaulieu Chapel Building £15,000

Budget provision of £15,000 is required to carry out various maintenance works to the Beaulieu Chapel building.

Health & Leisure Centres Annual Maintenance Programme £550,000

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 Council has budgeted to fund works totalling £550k during 2022/23, with the scope for additional funds in future years to be made available as management payments increase in line with the contract. The prioritised programme of works for 2022/23 will be agreed with the Executive Head with responsibility for Leisure.

Contingency £35,000

Considering ongoing issues with volatility in the supply chain and cost of supplies, a contingency budget of £35,000 has been allowed and will be allocated to specific projects if necessary. Alternatively, this could be utilised if a new high priority project comes forward during the year.

- 4.5 The programme as outlined above totals £2.130 million. Of this total, approximately £230,000 is rechargeable to the HRA. The resultant programme to be funded from the 2022/23 General Fund therefore totals £1.900 million.
- 4.6 As outlined in paragraph 3.2, the sum available within the MTFP is £1.900 million. The proposed programme therefore matches the available resources.

4.7 Other One-Off Funded Programmes

Budget provision of £625,000 has been provided for projects in the emerging ICT Strategy. This cost is allocated c75% to the General Fund and c25% to the HRA.

The Community Grants Panel have been given a maximum budget of £100,000 for one-off construction grant applications for 2022/23. The Panel are aware this is a financial ceiling, and not a target. Currently the recommendation from the Task and Finish group to the Community, Partnerships and Wellbeing Overview and Scrutiny Panel is £85,300.

2022/23	General Fund £'000	HRA £'000	TOTAL £'000
ICT Strategy	500	125	625
Community Grants	85		85
	585	125	710

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.

5. General Fund Capital Programme 2022/23

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

5.2 The proposed programme for 2022/23 totalling £16.674 million 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 2022/23 are gaining approval to proceed at this stage.

5.3 Further Information Relating to NFDC Funded Projects

Milford Promenade Handrail £115,000

Due to the continued decline in beach volumes, risk changes as the height between the lower prom and beach area changes. It is therefore proposed to install marine grade stainless steel handrails along the lower prom, fronting the beach huts.

Barton Horizontal Directional Drilling Trials – NFDC £25,000

Budget provision for drainage trials and works to determine the effectiveness of proposed drainage systems on cliff stability is required. This is largely funded by Government Grant but the Council is required to contribute £25,000 in 2022/23 and £50,000 in 2023/24.

Public Convenience Modernisation Programme £300,000

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

New Depot Site £4.0 million

Total funding of £6.1 million (£4.0 million in 2022/23) has been earmarked over the period of this capital programme for the new depot project at Hardley Industrial Estate, as a replacement for the Claymeadow depot. This scheme will progress subject to Cabinet approval of a business case.

Vehicles & Plant £3.081 million

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 4.4.

Crow Lane Ringwood £4.995 million

Total funding of £8.445 million (£4.995 million in 2022/23) was approved by Council in September 2021 to complete the project to deliver a new industrial site at Crow Lane Ringwood.

- 5.4 The Council's Capital Strategy considers in detail the affordability of the proposed capital programme in the context of the most appropriate mix of project financing. The proposed programme within this report is deemed as proportionate and affordable in line with the necessary financial indicators.

6. Crime & Disorder / Equality & Diversity

- 6.1 There are none.

7. Environmental Implications

- 7.1 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.

- 7.2 It is also likely the programme will require a level of review and flexibility in response to the Council's impending climate action plan.

8. Conclusion

- 8.1 The AMR programme represents a significant element of the Council's annual net expenditure. The General Fund budget requirement for 2022/23 is £1.900 million in line with the sum as allowed for in the latest Medium Term Financial Plan.

- 8.2 The Council is committed to the continuation of its investment in ICT and the financial implications to deliver the emerging strategy will be included in the appropriate Medium Term Financial Planning Reports through Cabinet.
- 8.3 The General fund Capital programme is funded in several ways, and the net NFDC funding requirement for 2022/23 after Vehicle & Plant internal borrowing is taken into account is £5.439 million.

9. OVERVIEW AND SCRUTINY PANEL COMMENTS

- 9.1 The Corporate Affairs and Local Economy Overview and Scrutiny Panel, at its meeting on 20 January 2022, noted the report.

10. PORTFOLIO HOLDER COMMENTS

- 10.1 It is important as part of the Council overall financial health that we continue to fund the maintenance and replacement of our assets in part through our revenue funding, this report sets out the proposal for 2022/23 as well as detailing those projects being funded through the General Fund Capital Programme.

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Background Papers
Dec 2021 MTFP

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APPENDIX 1

ASSET MAINTENANCE & REPLACEMENT PROGRAMME	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Asset Maintenance				
Health & Leisure Centres	500	550		
Offices, Depots and Outlying Buildings	112	118		
Stillwater Park	68			
CCTV Camera Replacement	38			
Public Conveniences	60			
Cemeteries		15		
Contingency		35		
	778	718		
ICT Replacement Programme	100	100		
Vehicles and Plant (Depreciation / MRP)	1125	1312		
	2003	2130		
Rephased Budget from previous year	-68			
Less: Proportion rechargeable to Third Party Tenants	-15			
Less: Proportion allocated to HRA	-214	-230		
	1706	1900	1900	1900

APPENDIX 2

Portfolio	Category Key (1 - 3)	Location	Project Name	AMR Prog. Value 22/23 £
F, I & CS	1 & 2	ATC	East Wing Electrical Cupboard Rewire	40,000
F, I & CS	1 & 2	ATC	Renew Obsolete Electrical Board	20,000
F, I & CS	1 & 2	ATC	Refurbish East Wing Flat Roof	32,000
F, I & CS	1 & 2	ATC	East Wing PVC u Rooflights	26,000
			TOTAL OFFICES AND DEPOTS	118,000
F, I & CS	1,2	Various	V&P Replacement Programme	1,312,000
F, I & CS	1	Various	ICT Device Replacement	100,000
			TOTAL CYCLICAL REPLACEMENT	1,412,000
P&W	1 & 2	5 Leisure Centres	Maintenance Programme	550,000
			TOTAL HEALTH & LEISURE	550,000
People & Places	2	Cemeteries	Beaulieu Chapel	15,000
F, I & CS		Various	Contingency	35,000
			TOTAL OTHER PROJECTS	50,000
				2,130,000

MEDIUM TERM FINANCIAL PLAN 2021-2025

CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

		PROJECT REQUIREMENTS £				ORIGINAL 2022/23 PROJECT FINANCING £			
		2021/22 Revised	2022/23	2023/24	2024/25	NFDC Resources / Loan	Better Care Fund	Grant	DC / CIL
	Portfolio								
Disabled Facilities Grants	HOU (GF)	1,200,000	1,200,000	1,200,000	1,200,000		1,200,000		
Strategic Regional Coastal Monitoring (22-27)	ENV & COAST	2,118,000	1,978,000	1,783,000	1,811,000			1,978,000	
Strategic Regional Coastal Monitoring (18-21)	ENV & COAST	399,000							
Strategic Regional Coastal Monitoring (12-17)	ENV & COAST	291,000							
Barton Drainage Test (19-21)	ENV & COAST	200,000							
Barton Horizontal Directional Drilling Trials	ENV & COAST		225,000	50,000		25,000		200,000	
Emergency Works - Milford Sea Wall	ENV & COAST	15,000							
Milford Promenade Handrail	ENV & COAST		115,000			115,000			
Milford Beach and Cliff Study	ENV & COAST			300,000					
Milford Beach Scheme plus BMP	ENV & COAST				100,000				
Hurst Spit Beach Shingle Source Study	ENV & COAST		100,000	50,000				100,000	
Public Convenience Modernisation Programme	PEOPLE & PL	30,000	300,000	300,000	300,000	300,000			
Public Convenience Refurb Scheme - Lym Quay Enhancem	PEOPLE & PL	175,000							
Health & Leisure Centres	PART & WELL	2,400,000							
New Depot Site: Hardley	F,I & CS	100,000	4,000,000	1,900,000	100,000	4,000,000			
New Depot Site: West	F,I & CS	100,000							
V&P; Replacement Programme	F,I & CS	3,145,000	3,081,000	1,755,000	1,148,000	3,081,000			
Smarter Working; Future Delivery	F,I & CS	250,000							
Economic Sustainability & Regeneration Projects	F,I & CS								
- Crow Lane Ringwood	F,I & CS	3,200,000	4,995,000	250,000		4,995,000			
Commercial Acquisitions	F,I & CS	1,850,000							
Residential Acquisitions	F,I & CS								
Open Space Schemes	P&I	88,000							
Mitigation Schemes	P&I	70,000	680,000	420,000	100,000				680,000
TOTAL GENERAL FUND CAPITAL PROGRAMME		15,631,000	16,674,000	8,008,000	4,759,000	12,516,000	1,200,000	2,278,000	680,000
									16,674,000
LOAN FINANCED					V&P	-3,081,000			
					80% of Economic Regeneration	-3,996,000			
RESIDUAL NFDC RESOURCES						5,439,000			

