

EMT – 11 JANUARY 2023

**CORPORATE AFFAIRS AND LOCAL ECONOMY
OVERVIEW & SCRUTINY PANEL
19 JANUARY 2023**

**PORTFOLIO: FINANCE,
INVESTMENT & CORPORATE
SERVICES**

ASSET MAINTENANCE & REPLACEMENT PROGRAMME AND GENERAL FUND CAPITAL PROGRAMME 2023/24

1. RECOMMENDATIONS

- 1.1 That Panel members give feedback on the schedule of projects as outlined in the report and summarised at Appendix 1 and 2 for onward consideration by the Cabinet.

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 2023/24 and outline budgets to 2025/26.

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 2022/23 totalled £1.900 million to the General Fund and £230,000 to the HRA (£2.130 million total shown within appendix 1), with a further £710,000 of requirements funded by the General Fund and HRA for the ICT Digital Strategy (£625,000) and Community Grants (£85,000).
- 3.2 The September 2022 Medium Term Financial Plan included a revenue budget allowance to cover the AMR programme for 2023/24 of £2.050 million for the General Fund and £300,000 to the HRA (total £2.350 million). The increase from 2022/23 directly related to inflationary pressures with regards to the Vehicle and Plant replacement programme, as reported to the Cabinet in September. There are currently no further planned adjustments to the overall programme budget over the period covered by the current Medium Term Financial Plan.
- 3.3 Service Managers were asked to come up with their proposed projects for 2023/24 with a strong brief that the programme had to consist of essential items and be realistic in terms of timeframes and deliverability. The programme sums

now being proposed matches the funding allocated, with further work required to reprioritise projects to align to the sums available.

- 3.4 The proposed General Fund Capital Programme for 2023/24 totals £14.749 million. Projects are funded by NFDC resources (capital reserve and receipts received), various grants / funds and Developer Contributions / CIL. This programme total does not include the Asset Investment Strategy, due to uncertainty in the timing of the purchases.

4. Proposed Asset Maintenance and Replacement Programme 2023/24

- 4.1 The bid categories for the submitted programme for 2023/24 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 2023/24 – 2026/27 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 Further Information Relating to Projects

4.3.1 Health & Leisure Centres Annual Maintenance Programme £500,000

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 maximum the Council can afford to fund during 2023/24 is £500k. The prioritised programme of works will be agreed with the Strategic Director for Corporate Resources & Transformation.

4.3.2 Offices and Depots £200,000

Three project bids were put forward;

- ATC North Wing Externals (to include guttering, loose tiles, fascias, soffits, windows repointing)
- ATC East Wing Covering (water ingress, so necessary to build up felt roof covering and perimeter edge trim)
- LTH Single Story Roof (water ingress, so repair required with a life through to 2026)

The Facilities Manager will be asked to prioritise projects with a total budget of £200,000 available.

4.3.3 Cemeteries – Lyminster Chapel Building £5,000

Budget provision of £5,000 is being set aside within the programme to carry out feasibility surveys on required works to the Lyminster Chapel building.

A follow up project bid may then be made during the financial year to carry out further works.

4.3.4 Eling Tide Mill £5,000

Budget provision of £5,000 is being set aside within the programme to carry out feasibility surveys on required works related to the deterioration of the undercroft wall and ground beams that support the machinery at the Tide Mill. A follow up project bid may then be made during the financial year to carry out further works.

4.3.5 Deployable Camera's £15,000

The Council will not tolerate fly-tipping, and so will be investing in deployable cameras to use in hot-spot locations throughout the District. In addition, this will enable the council to deploy cameras to developing areas or hotspots of ASB that are not within the existing public CCTV network range. The ability to rapidly deploy cameras at a relative low cost will prevent the escalation of emerging trends, whilst providing community reassurance

4.3.6 ICT Equipment Replacement Programme £150,000

The Council invested significantly in new devices over the period 2017-2019. Some of the devices will reach beyond their 4 year suggested useful life during 2023/24, and so a cyclical replacement programme will need to continue during the period covered by this Medium Term Financial Plan.

4.3.7 Vehicles & Plant Replacement Programme £1,450,000

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 23-24 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.

4.3.8 Programme Contingency £65,000

A contingency of £65,000 will be included to support the delivery of the programme as outlined above against inflationary pressures, and will look to finance the delivery of priority works emanating from the feasibility sums, as outlined above.

4.4 The programme as outlined above totals £2.390 million. Of this total, approximately £340,000 is rechargeable to the HRA leaving £2.050 million to be funded via the General Fund. The increase to the HRA will be accommodated within the detailed budget planning for 23/24.

4.5 **Other One-Off Funded Programmes**

Budget provision of £625,000 has been provided for projects in the ICT Digital 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 2023/24. 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 £92,000.

	General Fund £'000	HRA £'000	TOTAL £'000
ICT Strategy	500	125	625
Community Grants	92		92
	592	125	717

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 2023/24

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 2023/24 totalling £14.749 million including the outline financing is included as appendix 2. The project proposals for a 3 year period have been included for overall context. Where a project commences (or continues into) in 23/24 and spans several financial years, to commitment to start in 23/24 is a commitment to approve the funding required to complete over the period of the programme. Where a sum is included in future years, it is not requiring approval now, but is included for completeness and overall programme context; approval for these items will come at the appropriate point in the budget setting cycle for the year in question. Due to the lead in time of the Vehicles and Plant Acquisition programme, the programme sums for 23/24 and 24/25 will be approved now to enable necessary work to commence in the year prior to when the new V&P will actually be delivered.

5.3 Further Information Relating to NFDC Funded Projects

5.3.1 New Depot Site £4.875 million for 23/24 and £1.625 million for 24/25

Total funding of £7.0 million (£0.500 million in 2022/23, £4.875 million in 2023/24 and £1.625 million in 2024/25) 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.

5.3.2 Vehicles & Plant £3.062 million for 23/24 and £1.309 million for 24/25

The significant Capital Outlay required will result in older less efficient vehicles being replaced with the latest more efficient models. For 23-24 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.

5.3.3 Vehicles and Plant – New Waste Strategy £150,000

Preparations are underway for the commencement of the new wheeled bin Garden Waste Service to go live from 2024. Some retrospective bin lift alterations will be made to existing vehicles at an estimated cost of £150,000 to make them suitable for the new service.

5.3.4 New Garden Waste Containers £592,000

The procurement of wheeled bins will take effect in 2023/24, and a separate report during the year will confirm the proposed updated charging regime for the new service.

5.3.5 Crow Lane Ringwood £250,000

Total funding of £8.445 million was approved by Council in September 2021 to complete the project to deliver a new industrial site at Crow Lane Ringwood. The project has progressed well, and is within the overall approved sum. The budget requirement for 2023/24 is largely for the release of final retentions.

5.3.6 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.

5.3.7 Sustainability and Climate Action £250,000

The Climate Strategy report being developed for presentation to the Cabinet in February outlines the proposed actions to be taken by the Council and requests an annual budget of £250,000.

5.4 Further Information Relating to Part or Non-NFDC Funded Projects

5.4.1 South-East Strategic Coastal Monitoring £2.631 million / £1.811 million / £2.216 million

This project is the continuation of the regional coastal monitoring programme, for the next phase that will go through to 2027. The figures above are for the full approval for the SE region as managed and co-ordinated by NFDC.

NFDC Capital Contribution: £nil

5.4.2 Milford-On-Sea Beach Study £10,000 / £280,000

This project is a follow on from the Westover urgent works undertaken during 2020. The expected scope and coastal frontage will be broadened to consider the wider defended Milford frontage.

The commencement and delivery of this project will be subject to the outcomes of the Christchurch Bay Strategy Study, with a current completion date of October 2023. Currently estimated costs are shown allocated across 2023/24 and 2024/25, as the strategy study is refined and developed these costs may change.

NFDC Capital Contribution: £50,000

5.4.3 Barton HDD Trials £10,000 / £230,000 / £15,000

Works expected to take the form of test drainage trials to determine suitability and effectiveness of the system. The aim being to control and manage groundwater levels to reduce erosion risk.

As the project is developed it may be that monitoring costs can be refined, there be an opportunity for NFDC to undertake an element of the monitoring.

NFDC Capital Contribution: £75,000

5.4.4 Hurst Spit Shingle Source Study £100,000 / £35,000

The existing Hurst Spit Beach Management Plan (BMP) has been in existence since 1996. The plan requires updating to consider additional data, past performance of the Spit and future management operations. This study will enable this work to be undertaken, enabling the BMP to be updated in line with current practices.

NFDC Capital Contribution: £nil

5.4.5 Developer Contributions / CIL £1.0 million PA

A separate report will confirm the proposed projects, with the Capital Programme at this stage setting aside a gross overall budget to be set for drawdown for individual project delivery.

NFDC Capital Contribution: £nil

5.4.6 Better Care Fund £1.3 million / £1.5 million / £1.5 million

The Council facilitates the delivery of Disabled Facility Adaptations each year, using central government 'Better Care Fund' to pay for said adaptations. The Council's contribution is in the staffing resource to deliver the adaptations.

NFDC Capital Contribution: £nil

6. **Crime & Disorder / Equality & Diversity / Environmental Implications**

- 6.1 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. **Conclusion**

- 7.1 The AMR programme represents a significant element of the Council's annual net expenditure. The General Fund programme matches the budget outlined for for 2022/23 at £2.050 million and the HRA proportion at £340,000 will be accommodated within the detailed budget planning.
- 7.2 The Council is committed to the continuation of its investment in ICT and the financial implications to deliver the strategy will be included in the appropriate Medium Term Financial Planning Reports through Cabinet.
- 7.3 The General fund Capital programme is funded in several ways, and the net NFDC funding requirement for 2023/24 after internal borrowing is taken into account is £6.217 million.

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Background Papers

APPENDIX 1

	2022/23	2023/24	2024/25	2025/26
ASSET MAINTENANCE & REPLACEMENT PROGRAMME	£'000	£'000	£'000	£'000
Asset Maintenance				
Health & Leisure Centres	550	500		
Offices, Depots and Outlying Buildings	118	200		
Feasibility Surveys		10		
Deployable CCTV Cameras		15		
Cemeteries	15			
Contingency	35	65		
	718	790	790	790
ICT Replacement Programme	100	150	150	150
Vehicles and Plant (Depreciation / MRP)	1,312	1,450	1,450	1,450
	2,130	2,390	2,390	2,390
Less: Proportion allocated to HRA	-230	-340	-340	-340
	1,900	2,050	2,050	2,050

MEDIUM TERM FINANCIAL PLAN 2022-2026

CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

	Portfolio	PROJECT REQUIREMENTS £			ORIGINAL 2023/24 PROJECT FINANCING £				
		2022/23 £ Budget Revised (Nov. Cabinet)	2023/24	2024/25	2025/26	NFDC Resources / Loan	Better Care Fund	Grant / Income	DC / CIL
Sustainability Fund - Unallocated	LEADER / ALL	300,000	250,000	250,000	250,000				
Sustainability Fund - Crow Lane Solar Panels	LEADER / ALL	200,000							
Disabled Facilities Grants	HOU (GF)	900,000	1,300,000	1,500,000	1,500,000	1,300,000			
Strategic Regional Coastal Monitoring (22-27)	ENV & COAST	1,775,000	2,631,000	1,811,000	2,216,000		2,631,000		
Strategic Regional Coastal Monitoring (18-21)	ENV & COAST	363,000							
Strategic Regional Coastal Monitoring (12-17)	ENV & COAST	12,000							
Barton Horizontal Directional Drilling Trials	ENV & COAST	50,000	10,000	230,000	15,000		10,000		
Milford Promenade Handrail	ENV & COAST	115,000							
Hurst Spit Beach Shingle Source Study	ENV & COAST	15,000	100,000	35,000			100,000		
Milford Beach and Cliff Study	ENV & COAST		10,000	280,000			10,000		
Waste Strategy Container Roll Out	ENV & COAST		592,000		4,908,000	592,000			
Public Convenience Modernisation Programme	PEOPLE & PL	12,000	300,000	300,000	300,000				
Public Convenience Refurb Scheme - Lym Quay Enhancem	PEOPLE & PL	230,000							
Public Convenience Refurb Scheme - Barton-on-Sea	PEOPLE & PL	200,000							
Public Convenience - Changing Places - Brockenhurst	PEOPLE & PL		43,000				43,000		
Public Convenience - Changing Places - Ringwood	PEOPLE & PL		112,000				112,000		
Public Convenience - Changing Places - Hythe	PEOPLE & PL		64,000				64,000		
Health & Leisure Centres	PART & WELL	2,014,000							
New Depot Site: Hardley	F,I & CS	500,000	4,875,000	1,625,000	4,875,000				
V&P; Replacement Programme	F,I & CS	1,800,000	3,062,000	1,309,000	996,000	3,062,000			
V&P; Replacement Programme - Waste Strategy	F,I & CS		150,000		5,840,000	150,000			
Smarter Working; Future Delivery	F,I & CS	75,000							
Economic Sustainability & Regeneration Projects	F,I & CS								
- Platinum Jubilee Business Park, Ringwood	F,I & CS	5,667,000	250,000			250,000			
- Station Road, New Milton	F,I & CS	5,500,000							
Open Space Schemes	P&I	730,000							
Mitigation Schemes	P&I	680,000	1,000,000	1,000,000	1,000,000			1,000,000	
TOTAL GENERAL FUND CAPITAL PROGRAMME		21,138,000	14,749,000	8,340,000	17,025,000	9,479,000	1,300,000	2,970,000	1,000,000
									14,749,000
LOAN FINANCED					V&P	-3,062,000			
					80% of Economic Regeneration	-200,000			
RESIDUAL NFDC RESOURCES						6,217,000			