

ASSET MAINTENANCE & REPLACEMENT PROGRAMME AND GENERAL FUND CAPITAL PROGRAMME 2024/25

1. RECOMMENDATIONS

1.1 That the Cabinet approve and recommend to Full Council that:

1.1.1 The schedule of projects, as included at Appendix 1 and 2 be approved within the 2024/25 budget, noting this commits the Council to expenditure beyond 2024/25 whereby a project commences in 2024/25 and extends into future years.

1.1.2 The Vehicle & Plant replacement programme be approved for a 2 year period, covering purchases due in 2024/25 and 2025/26.

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 2024/25 and outline budgets to 2026/27.

3. BACKGROUND

3.1 The Council's revenue budget includes large sums for the maintenance and cyclical replacement of Council owned assets. The AMR programme budget for 2023/24 totalled £2.050 million to the General Fund and £340,000 to the HRA (£2.390 million total shown within appendix 1), with a further £725,000 of requirements funded by the General Fund and HRA for the ICT Digital Strategy (£625,000) and Community Grants (£100,000).

3.2 The December 2023 Medium Term Financial Plan included a revenue budget allowance to cover the AMR programme for 2024/25 of £2.500 million for the General Fund and £350,000 to the HRA (total £2.850 million). The increase from 2023/24 related to inflationary pressures with regards to the Vehicle and Plant replacement programme, as well as an uplift to the Health & Leisure Maintenance budget facilitated by the increased contractual income position with Freedom Leisure. 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 2024/25 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, after work was required to reprioritise projects to align to the sums available.

3.4 The proposed General Fund Capital Programme for 2024/25 totals £16.579 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 2024/25

4.1 The bid categories for the submitted programme for 2024/25 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 2024/25 – 2027/28 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 £750,000

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. Due to the contractual income increase from contract year 2 to contract year 3, the maintenance budget can be increased by £300,000, with £50,000 reserved for resource to enable project delivery, and £250,000 placed in the maintenance budget. The prioritised programme of works, which will include the cyclical replacement of end-of-life plant with newer more efficient alternatives, will be agreed with the Strategic Director for Corporate Resources & Transformation.

4.3.2 Offices and Depots £170,000 (Plus £45,000 rephasing from 2023/24)

- ATC North Wing Externals and Roof (aborted scheme in 2023/24 due to the detection of bats). The project will include guttering, loose tiles, fascias, soffits, windows repointing.
- Marsh Lane Depot Vehicle Workshop Steels - Structural steel supports at front of vehicle workshop building require stripping and treating. Column bases also need breaking out and re-laying.

4.3.3 Cemeteries Footpaths £40,000

Budget provision of £40,000 is being set aside within the programme to;

- remove and dispose of low traffic paths which are beyond repair and to make good, to ensure safe access.
- create safe compound spaces containing tap and disposal area.
- repair defect, failed paths and operations access routes, which are creating a safety hazard, to ensure safe access.
- ensure the cemetery integrity and appropriate access.

4.3.4 Eling Experience £40,000

Budget provision of £40,000 is being set aside within the programme to carry out works identified from the Toll Bridge and Quayside condition surveys. Feasibility

surveys on required works related to the deuteriation of the undercroft wall and ground beams that support the machinery at the Tide Mill are on-going. A follow up project bid may be made during the financial year to carry out further works.

4.3.5 Water Safety £21,000

The budget will fund the undertaking of appropriate risk assessments to fully understand and identify the risks to users and to ensure adequate mitigation measures are put in place. This bid is to enable a competent authority to be employed to undertake this work, along with an expected replacement/updating of some signage and public rescue equipment.

4.3.6 Public Convenience - Minor works £28,000

The Public Convenience maintenance budget requires additional funding to adequately maintain and repair the conveniences located throughout the District.

4.3.7 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.

4.3.8 Vehicles & Plant Replacement Programme £1,650,000

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.

The 2024/25 programme includes cyclical replacement of 'standard' fleet vehicles and plant, as well as the costs associated with the roll out of the waste strategy, including the estimated cost of containers. The £1.650 million budget here does not relate to the additional vehicles or the capitalisation of the containers, on the assumption that new burdens funding and EPR income will offset the costs of these. Further separate reporting will cover this matter in more detail, pending forthcoming clarity on the funding support from central government.

4.3.9 Programme Contingency £41,000

To provide cover for inevitable project variations as they arise, a programme contingency of £41,000 has been allowed for.

- 4.4 The programme as outlined above totals £2.890 million. Of this total, approximately £390,000 is rechargeable to the HRA leaving £2.500 million to be funded via the General Fund. The increase to the HRA will be accommodated within the detailed budget planning for 24/25.

4.5 Projects that didn't make it through to the final prioritised programme were as follows:

1. Marsh Lane Depot Fuel Tank Replacement – will be picked up in a broader review of the depot to include necessary infrastructure requirements aligned to a new fleet strategy (in development throughout 2024/25)
2. Cemeteries Footpaths – a phased approach will be required pertaining to 1 project a year.
3. ICT Equipment Replacement – the amount requested was £30,000 more than resources available, so additional prioritisation will be required to fit the replacement programme in with the funding available.

4.6 Other One-Off Funded Programmes

4.6.1 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.

4.6.2 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 £96,040.

	General Fund £'000	HRA £'000	TOTAL £'000
ICT Strategy	500	125	625
Community Grants	96		96
	596	125	721

4.6.3 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 2024/25

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 2024/25 totalling £16.579 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 24/25 and spans several financial years, a commitment to start in 24/25 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 24/25 and 25/26 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 Sustainability and Climate Action £250,000

The Council has committed an annual budget of £250,000 to support the Climate Strategy and action plan.

5.3.2 Milford Sea Wall £100,000

The funding will be used for a combination of rock revetment and beach recharge.

5.3.3 New Depot Site £4.372 million for 24/25 and £104,000 for 25/26

Total funding of £7.8 million has been approved 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 has commenced and is scheduled to complete in the winter of 2024.

5.3.4 Ringwood Depot: Extension and Works £250,000

Discussions are ongoing with the County Council around an extension of the leased space that the Council occupies at the Ringwood Depot site. When new terms are agreed, it is likely that the Council will need to facilitate improvement works to the site to take full advantage that the additional space will give to NFDC operations.

5.3.5 Vehicles & Plant £2.102 million for 24/25 and £996,000 for 25/26

The significant Capital Outlay required will result in older less efficient vehicles being replaced with the latest more efficient models. For 24/25 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.

5.3.6 Vehicles and Plant – New Waste Strategy Vehicles £885,000 for 2024/25 and £3.730 million for 2025/26

Preparations are underway for the commencement of the new wheeled bin Waste Service to go live from 2025.

5.3.7 Vehicles and Plant – New Waste Strategy Containers £1.025 million for 2024/25 and £4.550 million for 2025/26

The procurement of wheeled bins and food caddies has commenced, with costs falling in both 2024/25 and 2025/26.

5.3.8 Asset Modernisation Programme £300,000

The standard sum of £300,000 has been allowed for within the Capital Programme towards asset modernisation. The asset to be allocated funding in 2024/25 is the Hurst Road Public Convenience at Milford-on-Sea.

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

5.4.1 UK Shared Prosperity Fund £208,000

The Council was awarded £1 million from the UK SPF. An investment plan was approved by the Council and project delivery is underway.

NFDC Capital Contribution: £nil

5.4.2 Rural England Prosperity Fund £300,000

The Council was awarded £540,115 as a top-up to the UK Shared Prosperity Fund. Fuller information related to this scheme was reported to the Cabinet in December 2023.

NFDC Capital Contribution: £nil

5.4.3 Disabled Facilities Grants £1.5 million PA

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

5.4.4 South-East Strategic Coastal Monitoring £2.667 million / £2.829 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

5.4.5 Barton Horizontal Directional Drilling Trials £260,000

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.

Regular monitoring will be required post completion of the project.

NFDC Capital Contribution: £120,000

5.4.6 Hurst Spit Shingle Source Study £100,000 / £58,000

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

5.4.7 Milford-On-Sea Beach and Cliff Study £100,000 / £180,000

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.

NFDC Capital Contribution: £nil 24/25 / £50,000 25/26

5.4.8 ATC East Wing Boiler Replacement £160,000

The Council has submitted a bid to the Public Sector Decarbonisation scheme for a project to replace an end-of-life boiler with a more energy efficient alternative (Air Source Heat Pump). We will know if our bid is successful in March 2024.

NFDC Capital Contribution: £62,000

5.4.9 Developer Contributions / CIL £2.0 million / £1.0 million / 1.0 million

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

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 prioritised General Fund programme matches the budget outlined for 2024/25 at £2.500 million and the HRA proportion at £390,000 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 2024/25 after internal borrowing is taken into account is £5.454 million.

8. OVERVIEW AND SCRUTINY PANEL COMMENTS

- 8.1 The Resources and Transformation Overview and Scrutiny Panel at their meeting on 18 January 2024 supported both programmes for approval.

9. PORTFOLIO HOLDER COMMENTS

- 9.1 With the recent rises in inflation the delivery of the Asset Maintenance and Capital Programme has been challenging, however I am confident that we are, within this forward looking programme, striking the right balance between maximising the resources we have available across our priority areas.

For further information contact:

Alan Bethune
Strategic Director Corporate Resources and
Transformation
S151 Officer
Tel: 023 8028 5001
Email: Alan.Bethune@NFDC.gov.uk

Background Papers

Published Papers

APPENDIX 1
ASSET MAINTENANCE AND REPLACEMENT PROGRAMME

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Health & Leisure Centres	500	750		
Offices, Depots and Outlying Buildings	200	170		
Feasibility Surveys	10			
Deployable CCTV Cameras	15			
Programme Contingency	65	41		
Cemeteries Footpaths		40		
Eling Experience		40		
Water Safety		21		
Public Conveniences		28		
	790	1,090	1,090	1,090
ICT Replacement Programme	150	150	150	150
Vehicles and Plant (Depreciation / MRP)	1,450	1,650	1,650	1,650
	2,390	2,890	2,890	2,890
Less: Proportion allocated to HRA	-340	-390	-390	-390
TOTAL GENERAL FUND PROGRAMME	2,050	2,500	2,500	2,500

MEDIUM TERM FINANCIAL PLAN 2023-2027

CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

		PROJECT REQUIREMENTS £			ORIGINAL 2024/25 PROJECT FINANCING £			
	Portfolio	2024/25	2025/26	2026/27	NFDC Resources / Loan	Better Care Fund	Grant / Income	DC / CIL
UK Shared Prosperity Fund	LEADER / ALL	208,000					208,000	
Rural England Prosperity Fund	LEADER	300,000					300,000	
Disabled Facilities Grants	HOU (GF)	1,500,000	1,500,000	1,500,000		1,500,000		
Sustainability Fund - Unallocated	ENV & SUSTAIN	250,000	250,000	250,000	250,000			
Strategic Regional Coastal Monitoring (22-27)	ENV & SUSTAIN	2,667,000	2,829,000	2,216,000			2,667,000	
Barton Horizontal Directional Drilling Trials	ENV & SUSTAIN	260,000			120,000		140,000	
Hurst Spit Beach Shingle Source Study	ENV & SUSTAIN	100,000	58,000				100,000	
Milford Beach and Cliff Study	ENV & SUSTAIN	100,000	180,000				100,000	
Milford - Sea Wall Construction Works	ENV & SUSTAIN	100,000			100,000			
New Depot Site: Hardley	FIN & CORP	4,372,000	104,000		4,372,000			
Ringwood Depot: Extension and Works	FIN & CORP	250,000			250,000			
V&P; Replacement Programme	FIN & CORP	2,102,000	996,000	1,000,000	2,102,000			
V&P; Replacement Programme - Waste Strategy Vehicles	FIN & CORP	885,000	3,730,000	453,000	885,000			
V&P; Replacement Programme - Waste Strategy Containe	FIN & CORP	1,025,000	4,550,000		1,025,000			
Asset Modernisation Programme	FIN & CORP	300,000	300,000	300,000	300,000			
ATC East Wing Boiler Replacement	FIN & CORP	160,000			62,000		98,000	
Mitigation Schemes	PLAN & ECON	1,000,000	1,000,000	1,000,000				1,000,000
Infrastructure Projects	PLAN & ECON	1,000,000						1,000,000
TOTAL GENERAL FUND CAPITAL PROGRAMME		16,579,000	15,497,000	6,719,000	9,466,000	1,500,000	3,613,000	2,000,000
								16,579,000
LOAN FINANCED				Vehicles & Plant	-4,012,000			
RESIDUAL NFDC RESOURCES					5,454,000			