

**Resources and Transformation Overview and Scrutiny Panel – 23
January 2025**

**Asset Maintenance and Replacement Programme and
General Fund Capital Programme 2025/26**

Purpose	For Review
Classification	Public
Executive Summary	This report provides the council's proposed revenue funded Asset Maintenance and Replacement programme (AMR) and General Fund Capital programme for 2025/26 and outline budgets to 2026/27.
Recommendation(s)	<p>It is recommended that Panel members give feedback on:</p> <p>1) the schedule of projects as included in Appendix 1 and 2 for onward consideration by the Cabinet.</p> <p>2) the proposed Cabinet recommendations as follows:</p> <p>a) Recommend to Council that the schedule of projects, as included in Appendix 1 and Appendix 2 be approved within the 2025/26 budget, noting that this commits the Council to expenditure beyond 2025/26 whereby a project commences in 2025/26 and extends into future years.</p> <p>b) Recommend to Council that the Vehicle and Plant replacement programme be approved for a 2-year period, covering purchases due in 2025/26 and 2026/27.</p> <p>c) Recommend to Council that the Appletree Court scheme previously approved in August 2024 be removed from the Capital Programme, updating the Council's MTFP accordingly and note the new</p>

	<p>£200,000 allocation for a reduced scope of work in the revised Capital Programme under recommendation 1.</p> <p>d) Notes the intention to create an Asset Management Strategy.</p>
Reasons for recommendation(s)	<p>To support the council setting an annual balanced budget and presenting how its financial resources are to be allocated and utilised.</p> <p>To ensure the council continues to invest in and maintain its assets in order to carry out its duties and minimise risk.</p>
Ward(s)	All
Portfolio Holder(s)	Councillor Jeremy Heron – Finance and Corporate
Strategic Director(s)	Alan Bethune – Strategic Director Corporate Resources and Transformation (Section 151 Officer)
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Introduction and background

1. This report provides the proposed revenue funded Asset Maintenance & Replacement programme (AMR) and General Fund Capital programme for 2025/26 and outline budgets to 2026/27.
2. The December 2024 Medium Term Financial Plan included a revenue budget allowance to cover the AMR programme for 2025/26 of £2.500 million for the General Fund and £390,000 for the HRA (total £2.890 million). This maintains the level of investment provided in 2024/25 and there are currently no further planned or approved adjustments to the overall programme budget over the period covered by the current Medium Term Financial Plan.
3. Service Managers were asked to come up with their proposed projects for 2025/26, whilst being realistic in terms of timeframes and deliverability. The programme sums now being proposed matches the funding allocated, after work via the Capital and

Change Board (CCB) was required to reprioritise projects to align to the sums available, with priority given to statutory and health and safety items.

4. The proposed General Fund Capital Programme for 2025/26 totals £19.411 million. Projects are funded by a range of resources including NFDC reserves (capital reserve and receipts received), various grants, funds and Developer Contributions including the Community Infrastructure Levy (CIL) and external borrowing as required. Full financing detail is covered in the Council's Capital Strategy.
5. The council is commencing the creation of an Asset Management Strategy to fully understand its requirements particularly in light of Local Government Reorganisation and further updates shall be brought back for consideration at future meetings.

Proposed Asset Maintenance and Replacement Programme 2025/26

6. The summary programme covering 2025/26 – 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.

Further Information Relating to Projects

Health & Leisure Centres Annual Maintenance Programme £750,000

7. 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 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.

Replacement fuel tank £130,000

8. Budget provision of £130,000 is being set aside within the programme to carry out works to remove the Marsh Lane depot fuel bunker from below ground and install a 3,000 litre above ground fuel tank at the same location within the service yard.

Offices and Depots £75,000

9. Further to the investment in the new depot at Hardley this budget will improve the welfare facilities for its staff at the Council's other depot sites. The project will include a review of changing facilities and mess rooms for front line staff to improve staff satisfaction with their workplace.

Appletree Court East wing roof £65,000

10. Budget provision of £65,000 is being set aside within the programme to strip back and reline the roof structure above the CCTV suite at Appletree Court.

ICT Equipment Replacement Programme £190,000

11. The Council invested significantly in new devices over the period 2017-2019 and has a cyclical replacement programme in place to ensure IT equipment remains fit for purpose. An annual budget of £150,000 is in place throughout the period covered by this Medium Term Financial Plan.
12. Furthermore, £40,000 has been included in 2025/26 to fund the replacement of wireless access points.

Vehicles & Plant Replacement Programme £1,650,000

13. 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 £10,000 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.
14. The 2025/26 programme includes cyclical replacement of 'standard' fleet vehicles and plant. The £1.650 million budget here does not relate to the additional vehicles or the capitalisation of the containers associated with the role out of the waste strategy.

Programme Contingency £30,000

15. To provide cover for inevitable project variations as they arise, a programme contingency of £30,000 has been allowed for.

16. 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. In keeping with the amount currently provided for in the MTFP. The recharge to the HRA will be accommodated within the detailed budget planning for 2025/26.

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

17. Milford on Sea and Hurst Spit coastal protection works; will need to be managed as part of broader Flood and Coastal Erosion Risk Management (FCERM) strategy and funding review.
18. Salisbury Arcade roof replacement; will need to be considered separately and funded from direct income receipts.
19. Litter bin replacements; considered non statutory, external funding options to be explored.
20. Public conveniences renovations; will be considered as part of broader future asset management strategy.
21. Maintenance of new open spaces; will be considered separately as part of a broader review of service delivery for all open spaces.
22. Careline digital upgrades; will be considered more broadly as part of separate service business case.

Other One-Off Funded Programmes

23. In December 2024 the Council was awarded £327,146 from the UK Shared Prosperity Fund (UKSPF) for 2025/26. This allocates £60,401 for capital expenditure and £266,745 for revenue expenditure.
24. Consideration is currently being given to how best to allocate the UKSPF resources and a separate Cabinet report will follow.
25. The Community Grants programme has a maximum budget of £100,000 for one-off capital grant applications for 2025/26. The Panel are aware this is a financial ceiling, and not a target. Currently the recommendation from the Task and Finish group to the Housing and Communities Overview and Scrutiny Panel is to award grants totalling £77,871.

26. 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.

General Fund Capital Programme 2025/26

27. The capital programme consists of projects funded by NFDC resources (capital reserve and receipts received), various grants, funds and Developer Contributions including the Community Infrastructure Levy (CIL).
28. The proposed programme for 2025/26 totalling £19.411 million including the outline financing is included as Appendix 2.
29. The project proposals for a 3-year period have been included for overall context. Where a project commences in (or continues into) 2025/26 and spans several financial years, a commitment to start in 2025/26 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 2025/26 and 2026/27 will be approved now to enable necessary work to commence in the year prior to when the new vehicle and plant will actually be delivered.

Further Information Relating to NFDC Funded Projects

Appletree Court accommodation refurbishment (2025/26 £200,000)

30. Further to Council approval in August 2024, a £1.75m budget was included in the council's capital programme to enable the modernisation of the east wing at Appletree Court and in turn facilitate the third party letting of the south wing and the generation of c£300,000 per annum in income.
31. Further to the government's devolution agenda and the likely local government reorganisation across Hampshire, concerns regarding the schemes ability to pay back the proposed investment in keeping with the original timeframe now exist.
32. Therefore, it is recommended that Council approve the removal of this previously approved scheme and adjust the Council's MTFP accordingly, particularly the removal of the previously anticipated income stream.

33. £200,000 will be reinstated in the capital programme to fund a reduced programme of works.

Sustainability and Climate Action (2025/26 £100,000; 2026/27 £100,000; 2027/28 £100,000)

34. The Council has maintained its commitment to an annual budget of £250,000 to support the Climate Strategy and action plan throughout the Medium Term Financial Plan. Subject to confirmation of the specific activity an element of this funding may need to be treated as revenue expenditure. It is currently assumed £150,000 shall be considered revenue expenditure in 2025/26, leaving £100,000 to be capitalised.

Vehicles & Plant (2025/26 £2.463 million; 2026/27 £390,000; 2027/28 £908,000)

35. The significant Capital Outlay required will result in older less efficient vehicles being replaced with the latest more efficient models. For 2025/26 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.

Vehicles and Plant – New Waste Strategy (2025/26 £3.709 million; 2026/27 £453,000; 2027/28 £84,000)

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

Vehicles and Plant – New Waste Strategy Containers (2025/26 £4.550 million)

37. The procurement of wheeled bins and food caddies began in 2024/25 with the majority of costs planned to conclude in 2025/26.

Eling Tide toll bridge and quayside repairs (2025/26 £260,000)

38. To satisfy our statutory obligations regarding our Grade II listed building, repairs are required relating to the mill, bridge and the quayside walls to protect the ongoing operational use.

Further Information Relating to Part or Non-NFDC Funded Projects

UK Shared Prosperity Fund (UKSPF) (2025/26 £60,401)

39. The Council was awarded £60,401 from the UKSPF for capital works in 2025/26. Consideration is currently being given to how best to use these resources. NFDC Capital Contribution: £nil.

Disabled Facilities Grants (2025/26 £1.500 million; 2026/27 £1.500 million; 2027/28 £1.500 million)

40. 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.

South-East Strategic Coastal Monitoring (2025/26 £2.829 million; 2026/27 £2.216 million)

41. 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.

Hurst Spit Shingle Source Study (2025/26 £75,000)

42. 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.

Milford-On-Sea Beach and Cliff Study (2025/26 £230,000)

43. 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.

Barton Horizontal Directional Drilling Trials (2025/26 £135,000; 2026/27 £10,000; 2027/28 £15,000)

44. 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: 2025/26 £67,000; 2026/27 £5,000; 2027/28 £7,000 (50% match funding).

Developer Contributions / CIL (2025/26 £3.300 million; 2026/27 £3.900 million; 2027/28 £3.938 million)

45. 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.

Corporate plan priorities

46. The investments laid out in the body of the report are widespread and crosscutting, positively impacting many of the council's corporate priorities including caring for our facilities, neighbourhoods and open spaces in a modern and responsive way, maximising the benefits of inclusive economic growth and investment, and being financially responsible.

Options appraisal

47. As detailed in the body of the report the Capital and Change Board considered a number of potential requests for funding prioritising those of a statutory and health and safety nature first.

Consultation undertaken

48. Internal consultation between finance officers, service managers and budget holders has determined the forecast data presented in the report.

Financial and resource implications

49. This is a financial report with budget implications already detailed and considered in the main body of the report.

Legal implications

50. Many of the maintenance projects ensure the Council is satisfying its health and safety, statutory and contractual obligations .

Risk assessment

51. None undertaken.

Environmental / Climate and nature implications

52. Whilst constrained to the funding available a number of the schemes included in the council's AMR and Capital Programme, such

as replacing old less efficient fleet vehicles and coastal protection work, make positive contributions to the environment.

Equalities implications

53. There are no equality implications arising directly from this report.

Crime and disorder implications

54. There are no crime and disorder implications arising directly from this report.

Data protection / Information governance / ICT implications

55. There are no data protection, information governance or ICT implications arising directly from this report.

Appendices:

Appendix 1 – Asset Maintenance
and Replacement Programme
2025/26

Appendix 2 – Capital Programme
2025/26 – 2027/28

Background Papers:

None

GENERAL FUND ASSET MAINTENANCE AND REPLACEMENT (AMR) PROGRAMME

	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000
Health & Leisure Centres	750	750	-	-
Office, Depots and Outlying Buildings	170	270	-	-
Programme Contingency	41	30	1,090	1,090
Cemeteries	40	-	-	-
Eling Experience	40	-	-	-
Water Safety	21	-	-	-
Public Conveniences	28	-	-	-
	1,090	1,050	1,090	1,090
ICT Replacement Programme	150	190	150	150
Vehicle and Plant (Depreciation/MRP)	1,650	1,650	1,650	1,650
	1,800	1,840	1,800	1,800
Less: Proportion allocated to the HRA	-390	-390	-390	-390
TOTAL GENERAL FUND AMR PROGRAMME	2,500	2,500	2,500	2,500

	Portfolio	PROJECT REQUIREMENTS £			ORIGINAL 2025/26 PROJECT FINANCING £			
		2025/26	2026/27	2027/28	NFDC Resources / Loan	Better Care Fund	Grant / Income	Developer contributions / CIL
UK Shared Prosperity Fund	LEADER / ALL	60,000	-	-	-	-	60,000	-
Disabled Facilities Grants	HOU (GF)	1,500,000	1,500,000	1,500,000	-	1,500,000	-	-
Strategic Regional Coastal Monitoring (2025-2027)	ENV & SUSTAIN	2,829,000	2,216,000	-	-	-	2,829,000	-
Hurst Spit Beach Shingle Source Study	ENV & SUSTAIN	75,000	-	-	-	-	75,000	-
Milford Beach and Cliff Study	ENV & SUSTAIN	230,000	-	-	-	-	230,000	-
Barton Horizontal Directional Drilling Trials	ENV & SUSTAIN	135,000	10,000	15,000	67,000	-	68,000	-
Mitigation Schemes	PLAN & ECON	2,000,000	2,750,000	2,788,000	-	-	-	2,000,000
Infrastructure Schemes	PLAN & ECON	1,300,000	1,150,000	1,150,000	-	-	-	1,300,000
ATC Accommodation refurbishment	FIN & CORP	200,000	-	-	200,000	-	-	-
Sustainability Fund - Unallocated	ENV & SUSTAIN	100,000	100,000	100,000	100,000	-	-	-
Vehicle & Plant; Replacement Programme	FIN & CORP	2,463,000	390,000	908,000	2,463,000	-	-	-
Vehicle & Plant; Replacement Programme - Waste Strategy	FIN & CORP	3,709,000	453,000	84,000	3,709,000	-	-	-
Eling Tide Mill	ENV & SUSTAIN	260,000	-	-	260,000	-	-	-
Waste Strategy Container Roll Out	ENV & SUSTAIN	4,550,000	-	-	4,214,000	-	336,000	-
TOTAL GENERAL FUND CAPITAL PROGRAMME		19,411,000	8,569,000	6,545,000	11,013,000	1,500,000	3,598,000	3,300,000
								19,411,000
LOAN FINANCED				Vehicle & Plant	-9,913,000			
RESIDUAL NFDC RESOURCES					1,100,000			