

# HAMPSHIRE COUNTY COUNCIL

## Report

<b>Committee</b>	River Hamble Harbour Board
<b>Date:</b>	12 April 2024
<b>Title:</b>	River Hamble Asset Register Review
<b>Report From:</b>	Director of Culture, Communities and Business Services

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### Purpose of the Report

1. The purpose of this annual report is to convey the condition of essential operational assets, indicate levels of associated maintenance expenditure and judge whether the Asset Replacement Reserve (ARR) is being maintained at an adequate level.

### Recommendation

2. The River Hamble Harbour Board approves:
  - a. That this report be taken into account alongside the annual statutory accounts in setting Harbour Dues for 2024/25 at the June Board meeting;
  - b. The contribution from Revenue to the Replacement Reserve should remain as planned at £42,000 in 2024/25 and continued note be taken of the need for frequency and amount of potential future increases.

### Summary

3. The increase two years ago in the contribution from Revenue to the Asset Replacement Reserve (ARR) to £42,000 continues to match our needs for the moment and there is no requirement to bring forward our planned 2027 increase in the contribution made.
4. This increase enabled the establishment of a minimum holding policy of £100,000 to mitigate against current or future market uncertainty. General inflationary pressures remain a focus of attention. Official forecasts predict that general levels of inflation will fall, albeit more slowly over the remainder of this year. It should be noted that those general inflation levels do not apply universally, particularly in some niche markets such as the provision of marine services and equipment. Here, unevenly, manufacturing and material costs continue to rise at higher rates. However, our lowest-forecast ARR position, now in 2035, has improved this year because of better-than-predicted sales of old patrol craft and the medium-term effect of commissioning early repair works on our bridge at Warsash. Notwithstanding this improvement, increases in our contribution will continue to be required at intervals previously indicated.

## Background

5. The Asset Replacement Reserve ensures that essential items of operational infrastructure are sustained in the economical manner required under the Harbours Act of 1964 and the Port Marine Safety Code. Examples are Aids to Navigation, jetties providing both safety access to the water and income generation and also operational patrol capability in the form of vessels. The ARR is a working reserve and is in constant use. The graph at the annex shows the cyclical nature of asset replacement. Setting the correct level of the ARR contribution has a bearing on the level of Harbour Dues.
6. Assets in scope are listed in the annex in tabular format and an indication of the current estimated infrastructure replacement dates and costs is given. Most operational assets are made up of component parts which wear at different rates. The rate of wear is dependent on factors such as age, usage, exposure to the weather or damage owing to a disruptive event. Our surveys of their condition and the expected spend over time to maintain and replace these assets underpins the graphical presentation at the annex. There are no unexpected changes since last year's assessments. The graphical presentation demonstrates the proximity of our actual and forecast spending in relation to our cumulative contributions to the Reserve. In addition to showing the cyclical nature of this work, it also provides an indication of how the Reserve is predicted to perform against our minimum holding policy.
7. Prudent investments last year have had a positive effect on both the Reserve and revenue expenditure. Our new long-life patrol craft have delivered fuel and lift-out economies as expected and removed the requirement for regular petrol outboard engine replacement. Early, relatively economical investment in the Warsash Bridge support piles has also extended the life of that structure. The sale of our old patrol craft for slightly more than anticipated has also had a positive effect on our Reserve balance.
8. Inflationary pressures on materials and manufacturing continue to offset that positive effect. Planned one-off expenditure on essential equipment for our patrol craft has also contributed slightly to that offset. The net result is that the ARR's minimum condition is predicted to be £161k, reached in 2037.
9. This improved position is to be cautiously welcomed. Previous reports have advertised the requirement to be ready in 2027 and again in 2032 to make upward adjustments in the contribution from revenue to make good the Board's minimum holding policy. Notwithstanding the improved position this year, preparation for those increases is necessary for two reasons. First, because of continued inflationary uncertainty and the impact in absolute terms of increased costs. Secondly, that in time, recommendations will need to be made to the Board to increase its minimum holding policy at some stage to keep pace with these increased costs. It is therefore recommended that the Harbour Board continues to endorse that current validity of the plan set out last year and that River Users note that increases will remain necessary in 2027 and, at this stage 2032. The agility of our annual review process will allow earlier intervention if necessary.

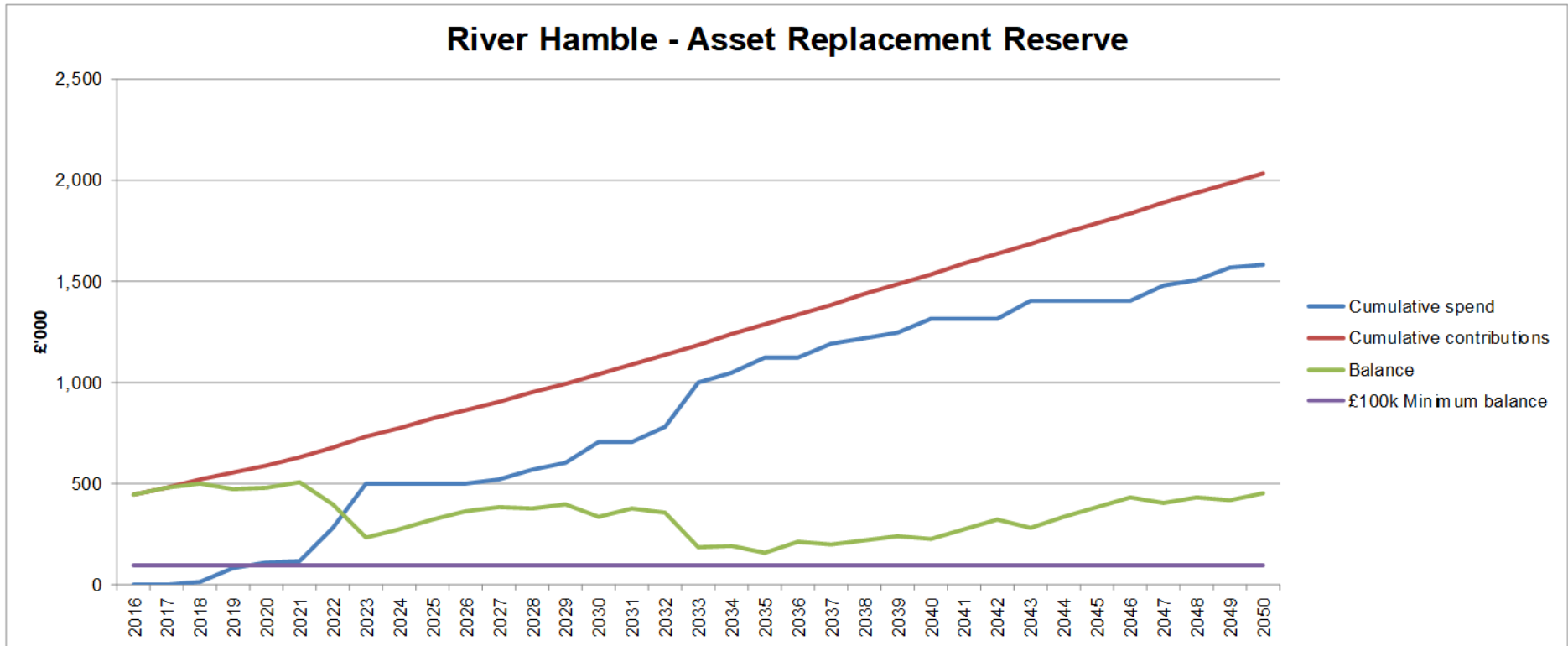
<b>Asset (* Composite Structure)</b>	<b>Year of purchase</b>	<b>Purchase cost</b>	<b>Initial life expectancy of whole structure (years)</b>	<b>Forecast lifespan of whole structure<sup>1</sup></b>	<b>Annual Depreciation charge</b>	<b>Replacement Cost of whole structure<sup>2</sup></b>
		£			£	£
<b>Marks, beacons, lights, piles &amp; buoys</b>						
Cardinal mark at river entrance – piling only	2000	3,000	30	2030	100	6,500
Superstructure and cardinal top mark	2000	1,000	20	2020	0	1,700
9 beacons at river entrance, plastic piling	2000	30,000	30	2030	1,000	39,000
Sector lights – Hamble Point / Warsash superstructure	1997	30,000	30	2027	1,000	40,000
2 sector lights	2006	12,000	15	2021	0	12,000
5 port & starboard navigation marks / piles	1977	20,000	45	2022	0	28,000
Maintenance piles – Warsash	2002	33,000	30	2032	1,100	20,000
Maintenance piles – Hamble	1989	15,000	30	2019	0	10,000
Maintenance piles – Lands End	1988	15,000	30	2018	0	10,000
5 navigation buoys	2006	16,000	20	2026	800	18,000
Navigation lights at harbour entrance	2015	5,068	10	2025	507	6,000
Tide Gauges	2019	1,500	15	2034	100	1,500
River Signage for various structures	2018	1,000	10	2028	100	1,000
<b>Total</b>		<b>182,568</b>			<b>4,707</b>	<b>193,700</b>

<b>Bridges, walkways, jetties</b>						
Bridge to Hamble jetty	1988	40,000	40	2028	1,000	80,000
Bridge to Warsash jetty	1990	40,000	40	2030	1,000	80,000
Walkway to Warsash jetty	1982	50,000	50	2032	1,000	80,000
10 support piles for Warsash walkway	1982	36,000	50	2032	720	90,000
*Warsash jetty – piling, pontoons, services, lighting etc	2006	170,000	35	2041	4,857	105,000
Warsash connecting pontoon	2016	55,000	35	2051	1,571	57,000
*Hamble jetty – piling, pontoons, services, lighting etc	1991	140,000	35	2026	4,000	105,000
*Fisherman’s pontoon / jetty	2006	48,000	20	2026	2,400	57,000
*Visitors’ pontoon and piles	2000	60,000	25	2025	2,400	65,000
*River Hamble Country Park Jetty	2014	55,000	25	2039	2,200	25,000
<b>Total</b>		<b>694,000</b>			<b>21,149</b>	<b>744,000</b>
<b>Boats</b>						
Patrol Boat RBC 900 WJ 315	2023	173,000	40	2063	4,325	173,000
Patrol Boat RBB 700 WJ 195	2023	88,000	40	2063	2,200	88,000
Patrol Boat RBB 700 WJ 195	2023	90,000	40	2063	2,250	90,000
<b>Total</b>		<b>351,000</b>			<b>8,775</b>	<b>351,000</b>
<b>Other</b>						
Replacement Harbour Management System	2019	45,000	10	2029	4,500	30,000
Pump Out System	2021	10,000	7	2028	1,429	10,000
Weather Station	2023	1,000	10	2033	100	1,000
<b>Total</b>		<b>56,000</b>			<b>6,029</b>	<b>41,000</b>

### **Further Notes.**

1. Life end forecast at build. Applies less to composite structures, elements of which are programmed to be replaced on a rolling basis, dependent on husbandry and condition. Replacement costs forecast for Warsash and Hamble Jetties relate to certain piles only, some being more recent than the original construction.
2. This is the total replacement cost based on current price estimate. Some assets are composite structures. For these, different components will be replaced at different times, depending on their condition. This enables payments to be spread more effectively and optimise asset availability. In some cases such as lights, technological developments have made replacement more economical in relative terms.
3. Annual depreciation figures may differ to those calculated for the statutory accounts. This is mainly due to adjustments being made to the lifespan of assets and therefore reflected in the depreciation calculations for the statutory accounts.

## River Hamble - Asset Replacement Reserve



Amount you would need to vary the ARR contribution by to break even at Year 50

£0 decrease

Maximum gap in average ARR contribution

£34

i.e. how much the annual ARR contribution would need to be increased to ensure the reserve never goes into deficit in the period to 2050

Contribution excludes interest earned on balance of reserves

## Climate Change and Carbon Mitigation Impact Assessment

6. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

Climate Change Adaptation. A full assessment of climate change vulnerability was not completed as no decision is required in respect of this report.

Carbon Mitigation. A full assessment of carbon mitigation vulnerability was not completed as no decision is required in respect of this report.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	yes
<b>People in Hampshire enjoy a rich and diverse environment:</b>	yes
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	yes

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

Document

Location

None



## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

A full Equalities Impact Assessment for the River Hamble Harbour Authority's compliance with the Port Marine Safety Code (including environmental responsibilities) has been carried out. This report includes an Equalities Impact Assessment within the draft Strategic Plan.

