

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Place and/or Executive Director - Place

To: Cabinet, 27th March 2018
South Holland District Council, 11th April 2018

(Author: Emily Spicer, Environmental Services Manager)

Subject Replacement of Grounds Maintenance Equipment

Purpose: To request annual capital expenditure of up to £50,000 until 2022/23 (5 years) to replace grounds maintenance equipment which has reached the end of its useful life.

Recommendation(s):

That it be RECOMMENDED TO COUNCIL:

- 1) To approve capital expenditure of up to £50,000 to purchase replacement equipment for the delivery of the grounds maintenance service in 2018/19 and the proposed funding from appropriate reserves.
- 2) To approve the capital equipment replacement programme for grounds maintenance of annual capital expenditure of up to £50,000 until 2022/23.

1.0 BACKGROUND

- 1.1 The grounds maintenance function currently uses 4 cylinder mowers to maintain areas of public open space and playing pitches across the District. All equipment is regularly maintained and serviced in accordance with the manufacturers' instructions but, given the age (8 years old) and heavy usage (at least 8 months of the year), much of the equipment is now close to or beyond economic repair.
- 1.2 Public open spaces are a vital part of the South Holland district. They are used by many thousands of people, including local residents and visitors to South Holland. It is recognised that the quality of the street scene affects people's decisions about visiting the district and whether to invest in the local economy. It is therefore vital that fully working, reliable and dependable equipment is available.
- 1.3 The expected life span of this mowing equipment in regular use is not usually more than 6 years. The equipment for replacement will be between 8-13 years old. In addition, the number of pieces of equipment in service has not been increased over this period whilst an additional 10.1 hectares has been adopted. This has caused issues with quality of maintenance and increased instances of equipment break downs. This report therefore proposes to increase the mower equipment numbers to 5 during this 5 year replacement programme (1 mower purchase per year until 2022/23).

1.4 The Council's Capital Programme, as presented in the budget report to Council, contains an estimated £50,000 in 2018/19 for the replacement of essential grounds maintenance equipment. This amount was contained within the provision of schemes still subject to approval and are estimated to be funded from appropriate reserves. The Council's Medium Term Financial Strategy identifies that in order to secure future capital investment the Council needs to create capacity within its revenue budget to fund capital expenditure by making annual contributions to its reserves to replace funds being used. Paragraph 5.7 outlines the financial implications of this proposal.

2.0 OPTIONS

2.1 **Recommended: 5 year Capital replacement programme** – To release up to £50,000 from the capital programme each year from 2018/19 to 2022/23 to purchase and replace grass cutting equipment.

2.2 **Lease or hire equipment** – Investigation into contract hire costs indicated that they would not deliver value for money.

2.3 **Do nothing** – This option would not provide dependable equipment and would therefore decrease the quality of South Holland's public open spaces.

3.0 REASONS FOR RECOMMENDATION(S)

3.1 Replacement will result in increased effectiveness, efficiency, quality and deliver value for money. It will also create flexibility to purchase the most appropriate mowers for the work in hand. For example, longer grass will require rotary mowers whereas cylinder mowers support flat amenity areas.

3.2 With increased flexibility that the purchase of equipment will give, Officers can investigate, with a view to offer, a commercial grounds maintenance service, where any new opportunities might arise within the district.

4.0 EXPECTED BENEFITS

The following benefits are expected with the approval of a capital replacement programme:

- Value for money
- Increased customer satisfaction.
- Reduced complaints regarding the quality of open spaces.
- Opportunity for income generation.
- Flexibility to purchase the right equipment for the right work.

5.0 IMPLICATIONS

5.1 Carbon Footprint / Environmental Issues

5.1.1 Increasing the efficiency of the equipment will decrease carbon footprint and improve the impact on the environment.

5.2 Constitutional & Legal

5.3 As the recommended option requires the release of new budget provision, the contents of this report will be decided at a meeting of South Holland District Council on 11th April 2018.

Contracts

5.4 All equipment will be purchased in accordance with the required procurement process. It is intended that maintenance will continue with Environmental Services current maintenance contractors.

5.5 Corporate Priorities

5.6 Within South Holland District Council's Corporate Plan 2015-2019 four key priorities are clearly set out. In the context of grounds maintenance, two of the four key priorities are extremely pertinent. These are;

To have pride in South Holland by supporting the district and residents to develop and thrive; and

To provide the right services, at the right time and in the right way.

5.7 Financial

5.7.1 The following table shows the number of mower equipment to be replaced and estimated costs associated with that purchase. However as the purchase will need to follow a procurement process it is requested that up to £50,000 is released each year to ensure sufficient funding provision.

	Number of mowers to be replaced.	Estimated replacement purchase cost (£)
2018/19	1	45,000
2019/20	1	46,350
2020/21	1	47,740
2021/22	1	49,172
2022/23	1	50,647

5.7.2 It is proposed that a guaranteed £50,000 be released from the Investment and Growth reserve in 2018/19 and 2019/20 for the procurement of 2 of the mowers. It is also proposed that work be undertaken with the service to identify capacity within its budget and corporate budgets to make an annual contribution to reserves of at least £25,000 in order to provide replacement funding for future year purchases. This contribution will be secured from efficiency savings or from additional income that may be generated from a potential commercial grounds maintenance service. This is summarised in the following table.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
Mower cost	50,000	50,000	50,000	50,000	50,000	0	0	250,000
Use of Reserves Revenue	50,000	50,000	50,000	50,000	50,000	0	0	250,000
Contribution to reserves	-25,000	-25,000	-25,000	-25,000	-25,000	-25,000	-25,000	-175,000
Net use of reserves	25,000	25,000	25,000	25,000	25,000	-25,000	-25,000	75,000

On the basis of this proposal the Council will secure a total investment of £250,000 in replacement mowers but will only require a net £75,000 contribution from reserves over a 7 year period. This position will improve if the procurement costs of the vehicles are less than the £50,000 provided for. It is also subject to being able to generate capacity in the revenue budget to make the £25,000 contribution and work will be undertaken during 2018/19 to identify this.

Reputation

5.7.3 As previously stated, the physical quality of South Holland's public open spaces is important to residents, visitors and businesses. It is therefore critical to keep these areas clean and tidy. Providing quality and reliable grounds maintenance equipment will support the desired quality of open spaces.

5.8 Risk Management

5.8.1 Reliability of equipment is essential and any down time for the running repair of old and worn machinery affects the efficiency and effectiveness of the service.

6.0 WARDS/COMMUNITIES AFFECTED

6.1 All wards and communities are affected.

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Key Decision: N
Exempt Decision: N

This report refers to a Mandatory Service