

Supplementary Committee Agenda



**Epping Forest
District Council**

Finance and Performance Management Cabinet Committee Thursday, 17th September, 2015

Place: Committee Room 1, Civic Offices, High Street, Epping

Time: 7.30 pm

Democratic Services: Rebecca Perrin, The Office of the Chief Executive
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7. INVEST TO SAVE PROPOSALS (Pages 3 - 6)

(Director of Resources) To consider the attached updated appendix (FPM-011-2015/16).

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Business Case Application for "Invest to Save Funding"

Title	Purchase of tractor and implements to maintain, in house, open spaces and landscape areas on Council owned assets.	Saving or Income? ("X")	Saving	Income		
			No saving per se – revenue budget spend currently going to contractors will go to Grounds Maintenance (GM) to improve scope, delivery and enhancement of services internally and develop external income generating opportunities.	Possibility. 1. £8000 per year from LTC for maintaining sports field if contract was awarded. 2. Expectation that EFDC would attract additional grass cutting contracts. 3. Harlow shown interest in EFDC maintaining woodlands/meadows. 4. Equipment would develop capacity to undertake new additional external and internal work.		
Total amount required from the Invest to Save Fund See Appendix 1 for range of implement prices	1. Mid range tractor £34k 2. Low to higher spec flail £13,900 - 17,300k 3. Optional Long arm flail £9500		Investment Required	Net Cashable Saving/Income	Payback Period (Years)	
Tractor and flail	1+2. £47,900 to £51,300	Month 1-12 Capital	£47,900 to £51,300 or £57,400 to £60,800	No saving per se – revenue budget spend currently going to contractors will go to GM.		
Tractor, flail and long arm flail	1+2+3. £57,400 to £60,800					
Is the investment required capital or revenue?		C	Month 1-12 Revenue	Revenue Running Costs £2,750	Revenue Training costs £1500	Approx. £7250
			Month 13-24 Revenue	Capital £0	Revenue £2,750	
Will the resultant savings / income be capital or revenue?		R	Month 25-36 Revenue	Capital £0	Revenue £2,750	Approx £7250
			Years 3 - 10 expected life of plant	Capital £0	Revenue 7x2,750= £19,250	Approx 7x £7250= £50,750

			Total over 10 years	Capital £47,900 to £51,300 or £57,400 to £60,800	Revenue £27,500*	Revenue £1,500**		
				Capital max £60,800	Total Revenue £29k*+**		Income to GM £72,500 - £29,000 = £43,500	Maximum Payback of capital £60,800/(43,500/10)= approx. 14 years if high end spec and long arm flail BUT not taking into account hidden benefits and potential income.

The Proposal

Officers from the Engineering, Drainage & Water Team (EDWT), Country care(CC)and Grounds Maintenance (GM) (Neighbourhoods – Technical) have met to consider the feasibility of purchasing a tractor and the necessary implements, which would allow the Council to carry out maintenance and enhancement work, in house, on Council owned assets. All the work that is currently contracted out will be carried out internally by GM.

The EDWT currently spend some of its revenue budget with a range of contractors on open space maintenance work. In most cases each job is carried out on an individual basis. On some sites the grass that requires cutting has to be collected and disposed off site. Many of the 'local' companies do not have the equipment to do collection work and hence the choice of contractor is often very limited. In addition local farmers need their land cut at the same time of the year. Farmers generally do not consider it worth investing in a tractor that only gets used for part of the year. As a consequence, it can be difficult to get competitive quotes from contractors and delays often occur getting them on site due to the high demand at the same time. This can result in the work being 'expensive' and cutting not being done at the 'optimum' time. It is considered that collectively this work could be carried out more efficiently and effectively in house and offer 'best value for money'.

Sites where the plant would be used include Bobbingworth Nature Reserve, the Council's Flood Storage Areas, North Weald bund, Country care managed sites such as Linders Field, Old Shire Lane and potentially other areas. With appropriate attachments the plant could be used for clearing heavier items/ blockages from ditches, cutting of hedges and other work not feasible with the equipment currently owned by the council. It may be possible to use the tractor for snow clearance, sand bag delivery and other emergency work on council owned land.

There is also the potential not only to improve service delivery but to develop the capacity to undertake new additional internal and external work. This includes the possibility of hiring out both the Council operative/s and the plant to other land owners in order to bring in revenue to try and offset the capital injection. However, this needs to be further explored and developed before any promise of income can be realised.

The EDWT, CC and GM are keen for it to be appreciated that this proposal is not just about trying to secure an income and off setting any capital investment. The purchase of this tractor and necessary implements will allow the capability of GM to expand, develop partnerships both internally and potentially externally and develop and enhance open space within the district.

The essence of the proposal is that 'more can be delivered with the same level of expenditure' and money that would have been paid to contractor will be 'recycled' within the Council.

If approval is given to purchase of the equipment, GM, where appropriate, will amend existing job descriptions to include driving a tractor etc. This will not incur any additional salary costs and there will be no detriment to service provision.

The Financial Benefit Explained

The EDWT spend its Continuing Services Budget (CSB) with a range of contractors on maintaining a cross section of open spaces and landscape areas. If a tractor and implements are purchased the revenue currently spent with contractors will go to GM. Therefore it will not be possible to offset any revenue budget per se because of the Capital investment. However, the money spent historically externally will now be an income to the council and used to improve and enhance a range services offered by GM. It is considered that this will without doubt offer 'better value for money'.

The table above gives a range of options. See Appendix 1 for the costs of the various implements and comments from GM. If not self explanatory, it may be easier to verbally explain the range of options and associated costs. It will not be possible to offset any Capital expenditure over a 3 year period. As it is estimated that the plant should last for 10 years the costs have been calculated over a 10 year period

GM intends to use the 'income' from EDWT, plus potentially from other sources, to improve the range of services and carry out additional work which is not possible with existing equipment.

£2,750 revenue will be required every year to cover the servicing and running costs of the tractor etc. Approximately, £1500 revenue will be required in the first year to train 3 GM operatives to use the tractor. No CSB growth item will be required as GM will use the income from the EDWT to cover this.

Hidden benefits - any additional maintenance e.g. hedge cutting (at Bobbingworth and on 7 woodland areas), planned refurbishment of pathways, pathway development on various sites and other enhancement work (which will be required) will be able to be carried out on Council owned assets at no additional cost. This 'extra' work would have incurred additional revenue costs that are currently not reflected in the costs above. It is not possible to say when these works would need to be carried out and the likely costs involved.

The current CSB spend will not offset the capital investment over the 10 years but this excludes the 'hidden benefits. As stated above, there is also the potential to develop the capacity to undertake new additional internal and external work. Interest has already been shown by a few third parties, such as Loughton Town Council and Harlow District Council. However, new avenues of to be further explored and developed before any promise of income can be realised.

Alignment with the Corporate Plan and/or Additional (Non-Financial) Benefits

The land can be cut at the optimum time and to the correct levels which will maximise the ecological, bio- diversity and environmental benefits, thus aligning with the corporate plan. Country care is keen to ensure that areas are cut at the right time and in the correct manner – not too early so that the wildflowers have set seed, or too late, after undesirable flowers have. The acquisition and use of the plant will allow frequency of cuts etc. to be increased on sites such as Bobbing worth Nature Reserve (ex landfill site), the Council flood alleviation sites and on significant biodiversity sites.

Potential Obstacles to be Overcome

Staff resource to operate plant	Existing Grounds Maintenance Staff.
Storage of tractor and accessories	With existing Grounds Maintenance equipment (Oakwood Hill).
Transport of plant to site	Road legal/registered – no need for additional transport.
H & S issues (lone working)	Grounds Maintenance H & S Risk Assessment.
Training re use of plant	Training Costs approx. £1500 Costs included above.
Maintenance of plant	To be included in Ground Maintenance existing systems. Costs included above.

Insurance	Add plant to existing Grounds Maintenance.
Plant may be dormant over the winter months	Looking at ways to utilise plant throughout winter months. Regular partnership meetings, planning development work, ad hoc projects to absorb any spare capacity. Possibility of using plant to clear council sites of snow, sand bag delivery and other emergency response.
Absence of staff resource will mean the plant cannot be used	Not applicable given all staff in Grounds Maintenance will be trained to use the plant.
Disposal of arisings	It is proposed to leave on site, rot down and use a grab lorry to take away all the arisings on the various sites on the same day. This will be more efficient and cost effective. The cost of this will be met from existing budgets as this is work that would have had to be paid for in any event.

Risks (Financial and Others)

H & S

Insurance(theft)

Maintenance and break down costs

Key Milestones and Target Timescales (from approval)

Milestone	Target Period from Approval Date (Months)
1) Tender for equipment	6-9 months to complete tender (depending on competing priorities - unless Procurement can draft tender and process)
2) Delivery of equipment	TBA

Proposal by	Kim Durrani Ex 4055 (Sue Stranders Ex 4197) (Phil Hawkins- Donal Grant- Stevenson - ex 4261) (Abi Oldham - 01992 788203)	Directorate	Neighbourhoods Technical
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Appendix 1 - Comments by Donal Grant-Stevenson - Area Manager Grounds Maintenance

TRACTOR	COST	CUT & COLLECT FLAILS		AMAZONE WITH DRAWBAR		COST	RYETEC	COST
4066R	£34,000	AMAZONE 3 POINT LINKAGE	COST	GHD 1800	GHS Drive 1800	£14,620	C1800CH	£13,850

The 4066R is a mid range tractor and has a capacity of 66hp which allows it to operate a larger cut and collect flail. There are 3 options for this flail; prices are as above. This model of tractor will compliment GM's existing fleet and will allow additional work to be carried out such as hedge cutting or mowing which would help with bidding for additional contracts.