



Subject:	Prudential Borrowing for the Purchase of Grounds Maintenance Equipment
Report of:	Acting Corporate Director, Place
Relevant Cabinet Member:	Cllr Brett O'Reilly, Cabinet Member for Finance and Resources Cllr Sharon Thompson, Cabinet Member for Homes and Neighbourhoods
Relevant O &S Chair(s):	Cllr Sir Albert Bore, Resources
Report author:	Steve Hollingworth, Service Director – Place (Sport, Events, Open Space, Wellbeing and Culture)
Are specific wards affected? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No – All wards affected	
If yes, name(s) of ward(s):	
Is this a key decision? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
If relevant, add Forward Plan Reference: 005727/2018	
Is the decision eligible for call-in? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Does the report contain confidential or exempt information? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If relevant, provide exempt information paragraph number or reason if confidential :	

1 Executive Summary

- 1.1 On 31st July 2018 Cabinet approved the transfer of the current externalised Grounds Maintenance (GM) service back to the Council from 28th March 2019. This will create an in-house citywide grounds maintenance (GM) service. This report seeks authority for prudential borrowing of £12.8m in order to purchase the equipment and vehicles needed for a citywide grounds maintenance service.

The 31st July 2018 Cabinet report delegated approval of the procurement strategy for vehicles and equipment needed to deliver the service to the Corporate Director, Place in conjunction with the Director of Commissioning and Procurement and in consultation with the Cabinet Member for Finance and Resources.

2. Recommendations

2.1 That Cabinet:

- Approves prudential borrowing of £12.8m in order to purchase the equipment and vehicles needed for a citywide grounds maintenance service as per the full business case attached at Appendix 1.

3 Background

3.1 In 2008 / 2009 Cabinet approved the award of 12 area based grounds maintenance contracts. The current contract areas and supplier split is shown in the table below and shows a mixed economy of internal and external service providers

Birmingham Parks & Nurseries (BPN) (in-house)	Quadron Services Ltd (external)	Glendale Grounds Mgmt Ltd (external)
1. Strategic Parks 2. Edgbaston 3. City Centre 4. Northfield	5. Hall Green 6. Ladywood 7. Selly Oak 8. Hodge Hill 9. Yardley	10. Perry Barr, 11. Sutton Coldfield 12. Erdington

3.2 Cabinet approved the transfer of the current externalised Grounds Maintenance (GM) service back to the Council from 28th March 2019 on 31st July 2018. Along with approving the transfer Cabinet noted that the additional investment in vehicles, machinery and equipment to deliver this service would be the subject of a separate Cabinet report (the subject of this report along with the replacement of BPN's existing equipment).

3.3 This report therefore seeks approval for prudential borrowing of £12.8m in order to purchase the equipment and vehicles needed to deliver a citywide GM service. The vehicles will be a mixture of vans, pickups and trailers. The GM equipment in the main is mowing equipment. A summary is included in Appendix 1.

4 Options considered and Recommended Proposal

4.1 Other options are set out in the full business case attached as Appendix 1.

5 Consultation

- 5.1 Officers from Finance, Legal Services and Procurement have been involved in the preparation of this report.

6 Risk Management

- 6.1 The key risk relating to this project is the availability of equipment and vehicles for 28th March 2019 due to manufacturing lead times. Due to the quantity of equipment and vehicles required no manufacturer or re-seller have these items readily available. Most if not all items will need to be manufactured to order. Lead times may improve on this once the order has been placed and enquires are made with the manufacturer and their production schedule.
- 6.2 There is a financial risk within the revenue budget for 2019/20 relating to the transfer of the current externalised Grounds Maintenance (GM) service back to the Council from 28th March 2019 to create an in-house citywide grounds maintenance (GM) service. This will be mitigated through the development of a robust implementation plan and monitoring key deadlines to ensure corrective action is taken as required.
- 6.3 Further details of the Risk Register, see Appendix 1.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

7.1.1 Outcome 4: Birmingham is a great city to live in and Priority 4 : We will improve the environment and tackle air pollution

- Through the provision of, and improved access to, outdoor recreational facilities and the creation of clean, green and safe open spaces
- Access to safe and green environments in parks, housing, school grounds, cemeteries and crematoria and other public open spaces, contributes to improving the health of our residents. The green waste is recycled contributing to the Council's sustainability agenda.

7.2 Legal Implications

- 7.2.1 Section 1 of the Local Government Act 2003 gives the City Council the power to borrow money for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs.
- 7.2.2 The powers for the provision of parks and leisure facilities are contained in the Public Health Acts 1875 and 1890, the Public Health Acts Amendments Act 1890, the Public Health Act 1925 and Section 19, Local Government (Miscellaneous Provisions) Act 1976. The powers for the

maintenance of the public highway are contained within the Highways Act 1980.

7.3 Financial Implications

- 7.3.1 Capital expenditure proposed of £12.800m is split £10.000m to set up in-house services, the current externalised service from 28th March 2019 and £2.800m to replace BPN's existing vehicles and equipment all of which is beyond economic life. The industry standard for this type of service is for vehicles and equipment to be replaced every five years.
- 7.3.2 The additional prudential borrowing can be accommodated within the Prudential borrowing limit approved as part of the Council Plan and Budget 2018+
- 7.3.3 The revenue impact of £13.625m (£2.725m per annum) to cover repayment of Prudential Borrowing and interest. Provision to cover a sum of £2.900m (£0.580m per annum) for ongoing Repairs and Maintenance over 5 years, is already contained in the forecast budget under the Parks Service. See Appendix 1 Full Business Case.

7.4 Procurement Implications

- 7.4.1 The 31st July 2018 Cabinet report delegated approval of the procurement strategy for the equipment and vehicles to Cabinet Member jointly with Corporate Director, Place in conjunction with the Director of Commissioning and Procurement.

7.5 Human Resources Implications (if required)

- 7.5.1 None.

7.6 Public Sector Equality Duty

- 7.6.1 A relevance test to decide whether the decision to deliver, an in-house Citywide GM service has any relevance to the equality duty contained in Section 149 of the Equality Act 2010 of eliminating unfair/unlawful discrimination and to promoting equality and human rights has been conducted. The screening identified there was no requirement to assess it further and completion of an Equality Assessment form was not required.

8 Background Documents

- 8.1 Report to Cabinet – the insourcing of the city wide Grounds Maintenance service dated 31 July 2018.