

# ***Report to the Council***

**Committee:** Cabinet

**Date:** 28 April 2009

**Portfolio Holder:** Councillor Chris Whitbread

**Item:** 11a

---

## **1. SUPPLEMENTARY ESTIMATES**

### **Recommending:**

**(1) That a supplementary capital sum of £200,000 funded from the Major Repairs Reserve be approved to clear the backlog of disabled adaptations to Council properties; and**

**(2) That a supplementary capital estimate in the sum of £154,000 be approved for the purchase of six Ford Transit LWB double chassis cabs 2.4 TDCI for the Grounds Maintenance Section.**

---

### **Disabled Adaptations to Council Properties**

1. The budget for disabled adaptations within the Housing Capital Programme currently stands at £380,000 for 2009/10 which is increased on an annual basis by building cost increases to keep up with inflation as agreed by the Housing Portfolio Holder in April 2006.
2. In 2007/08 the Council received 356 recommendations for adaptations from Social Services in addition to 99 recommendations held over from the previous year. Of those, the Council was able to undertake and complete works to 381 properties. This meant 74 adaptations were held on the waiting list and carried forward for 2008/09. During 2008/09 the Council received a further 350 recommendations, added to the 74 cases carried forward. In total the Council has been able to complete 316 adaptations this year, leaving 108 recommendations that are being held over into 2009/10.
3. In order to try to clear the backlog of adaptations it is recommended that an additional one-off sum of £200,000 be allocated in 2009/10 funded from the major Repairs Reserve.
4. In order to monitor the progress of clearing the backlog of disabled adaptations we have asked for a progress report to be submitted to us after six months.
5. We recommend as set out at the commencement of this report.

### **Replacement of Grounds Maintenance Vehicles**

6. In 2002, the Council's Grounds Maintenance Service entered into a lease agreement for the purchase of six Ford Transit tipper trucks in order to meet the requirements of the Council's Grounds Maintenance contracts. This agreement comes to an end in July 2009.

7. To procure new vehicles the specification has been subjected to a tender process via the Essex Procurement Hub and the cost of the cheapest tender is £154,000. Previously when a capital/operating lease comparison has been made, leasing has been the most favourable option. However, on this occasion it is shown that the most beneficial option is capital purchase.

8. The lease/capital comparison figures are as follows:

|                     | <u>Net Costs</u> | <u>NPV</u> | <u>Annual Costs</u> | <u>NPV Costs</u> |
|---------------------|------------------|------------|---------------------|------------------|
| Funded from capital | £123,531         | £125,705   | £17,647             | £17,957          |
| Operating lease     | £170,880         | £146,519   | £24,411             | £20,931          |
| Difference          |                  |            | £6,764              | £2,974           |

9. By adopting the capital purchasing option there is therefore an annual saving over the leasing costs of £2,974. We have considered the option of extending the present leases. However, the vehicles have provided seven years reliable service and fulfilled operational requirements, but due to the age and heavy usage of the vehicles the general wear and tear is starting to take its toll with one-off running repairs and associated down time becoming more frequent and scheduled service costs on the increase. In the long term we would expect this trend to continue with an adverse effect on both budget provision and operational needs of the service.

10. We have also considered awaiting the Capital Programme update report to request funding. However, this would mean a delay of some months and the present vehicle lease would need to be extended. The present tender price would not be held by the company for this length of time and they have stated that this would increase, thus this would cost the Council more to purchase the vehicles.

11. We recommend as set out at the commencement of this report.