

CABINET

DATE OF MEETING: 7 MARCH 2019

TITLE OF REPORT: PURCHASE OF AGRICULTURAL MACHINERY

Report of: Head of Environment and Technical Services

Cabinet member: Councillor David Neighbour, Finance & Corporate Services

1 PURPOSE OF REPORT

1.1 To seek approval for the release of £86,500 capital funding held in reserves for the purchase of agricultural machinery for Bramshot Farm SANG.

2 OFFICER RECOMMENDATION

2.1 That the release £86,500 from Bramshot Farm SANG Capital Reserves for the purchase of agricultural machinery be agreed.

3 BACKGROUND

3.1 Due to the adoption of Bramshot Farm SANG, the Countryside Service has a need to enhance its current grass cutting machinery to a standard capable of cutting fields, and purchase a larger tractor capable of powering them. (See Appendix I for breakdown.) This will also include secure container storage at a cost of £12k that will be sited either at Bramshot Farm SANG or the Springwell Lane Depot.

3.2 The proposal was considered at Project Board in their January meeting and recommended to Cabinet for consideration for approval.

4 CONSIDERATIONS

4.1 The grass cutting for Bramshot Farm SANG is currently provided by a rental tractor at a cost of £6k per annum for 6 months hire period. We do not own agricultural machinery that is both able to meet the physical demands of a farm or that will be able to meet the tight deadlines during the high demand summer grass cutting season.

4.2 It is expected that there will be “all year round” need for the tractor and that it will also enhance the Council’s ability to deliver the emergency Snow Plan. As a more powerful unit, it will be able to use larger salt spreaders and snow ploughs if required.

4.3 Lease cost and purchase cost were considered over the periods of their contract length or depreciation periods. Appendix I shows that there is a saving of almost 50% the annual costs by choosing the purchase option. This is due to the longer depreciation length for purchase (when compared to a 5 year lease) and the residual value in forward sales for those items purchased.

Subject to approval, this would complete the acquisition of machinery necessary to manage Bramshot Farm SANG.

5 FINANCIAL IMPLICATIONS

- 5.1 The provision of equipment is identified in the capital reserves for Bramshot Farm SANG. This currently stands at £95k available for the purchase of machinery. Subject to approval, this purchase would leave £8.5k remaining in reserves.
- 5.2 The Finance Officer has been appraised of the various options and supports the purchase of the vehicles over the lease option as the most cost effective.

6 ACTION

- 6.1 Subject to Cabinet approval, the funding will be released to purchase the equipment listed in Appendix I

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APPENDICES

Appendix I – Comparison of Procurement Options

BACKGROUND PAPERS:

None

Comparison of Procurement Options

Purchase breakdown

Item	Purchase cost	Lifespan	Depreciation per annum	Resale Value	Annual adjusted value
Tractor	£ 40,000.00	15	£2,666.67	£10,000.00	£2,000.00
Area Mower	£ 15,000.00	5	£3,000.00	£5,000.00	£2,000.00
Hedge Flail	£ 8,000.00	5	£1,600.00	£1,000.00	£1,400.00
Tipping Trailer	£ 6,500.00	10	£650.00	£1,000.00	£550.00
Topper	£ 5,000.00	10	£500.00	£1,000.00	£400.00

Lease cost over 5 years

Item	Total cost	Cost per year
Tractor	£32,160.00	£6,432.00
Area Mower	£12,360.00	£2,472.00
Hedge Flail	£17,760.00	£3,552.00
Tipping Trailer	£4,320.00	£864.00
Topper	£2,760.00	£552.00

Total annual cost	
Purchase Option	£6,350.00
Lease Option	£ 13,872.00