



TODMORDEN TOWN COUNCIL

REPORT TO THE EMERGENCY COMMITTEE

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SUBJECT	Festive Decorations

PURPOSE:

1. To advise Members that the existing lighting scheme is coming to the end of its useful life and that at least 3, possibly 5 units have been identified as beyond repair and will need replacing. Should Members decide to continue with the existing scheme – circa £5,000 will be required to replace piecemeal.
2. To remind Members that the existing scheme of 41 displays in total, consist of a mixture of standard and bespoke display (some designed many years ago by children) Appendix 1 provides outline detail of the existing scheme.
 - a. Walsden 9
 - b. Cornholme 9
 - c. Todmorden 23
3. To inform Members that extending the scheme to incorporate Portsmouth and Eastwood, would involve an additional 5 displays each, plus infrastructure cost to lighting columns -installation cost circa £350 per column.
4. To inform Members that there is budget provision of £20,000 to provide the resource to enable a range of options to be considered as follows:-
 - a. Remain as we are but invest circa £5,000 in new fittings – bespoke likely more.
 - b. Introduce a full scheme to Todmorden, Walsden and Cornholme
 - c. As b above but with additions of Eastwood and Portsmouth
 - i. Todmorden scheme could involve a repeat children’s competition to design up to 8 small bespoke displays in a specific area of the town or an enhanced St Marys display to incorporate children’s displays.
 - d. Phase replacement over a three-year period
 - i. Todmorden – year 1
 - ii. Cornholme plus Portsmouth year 2
 - iii. Walsden plus Eastwood year 3
 - iv. Any combination of the above

5. To advise Members that as part of these considerations there are two different funding mechanisms to consider:
 - a. Capital borrowing for the Public Works Loan board
 - b. Revenue

6. To advise Members that there are also a range of delivery mechanisms that could be adopted in considering a new scheme:-
 - a. Outright purchase of new displays – (circa £60,000k - capital investment depending upon number of displays) with storage, install and take down and maintain/repair via Calderdale MBC
 - i. Displays owned by Town Council at outset
 - ii. Unknow cost of repair/maintenance
 - b. Provision, maintenance, storage, test, install and take down contract – 5 years
 - i. Supplier contracted provides displays at their own cost as part of the deal and then owned by Town Council after 5 years (peppercorn residual value)
 - ii. Annual charge amount relative to size and extent of scheme delivered
 1. Fixed charge covering all unknowns
 2. Year 6 to 8 (anticipated life span 8-10 years) renewed contract for 3 years to cover ongoing cost of Provision, maintenance, storage, install and take down contract.

7. To advise Members that options of outright purchase and or up to a 5 year contract will require a tender exercise to be carried out, which will require issuing by the end of July, in order to provide potentially enough sufficient time for build. This may be at risk in terms of delivery if a complete scheme is required.

8. To advise Members that it is only at that stage that selection of actual schemes take place and also definitive pricing known.

GENERAL CONSIDERATIONS

9. In formulating a way forward on this matter Members may wish to consider that: -
 - a. Many of the existing displays have been in place for many years and whilst will have required investment in the past, by the Town Council, the reality is they have little or no financial value now.
 - b. Displays are now LED based and therefore much brighter than existing displays
 - c. There is no theme to the existing displays and therefore potentially not as impactful as a new scheme could be.
 - d. Schemes in Walsden and Cornholme are entirely different to Todmorden
 - e. The children’s scheme is old. Whilst for many of the public they may still have nostalgic attachment, there is the opportunity to design a limited new scheme involving children’s participation providing the opportunity for a new generation of children to influence festive display for possibly the next 8-10 years.
 - f. The retail sector in central Todmorden has taken an enormous hit because of Covid 19. The lift to retailers that a new scheme may bring in terms of visitor numbers to Todmorden at what will be an even more critical Christmas trading period, will be a highly visible measure of support.
 - g. In the event of a phased scheme delivery, new lighting display will free up others that can then be used to replace those that are not working – saving circa £5,000 this year on existing scheme replacement.

- h. Obtaining good pricing for an outright capital purchase is always linked to the volume of displays being purchased. A phased approach to outright purchase would lead to higher per display costs.
10. The nature of this type of supply, fit, test, maintain and install contract is that the supplier is normally a manufacturer of displays themselves, or operate with such volumes, that they are able to access displays at favourable prices and therefore include this initial investment within their annual pricing over the contract period.
 11. We do not have the technical knowledge or buying power to be able to procure at similar cost and would always therefore need to source from a UK reputable company and therefore at their retail mark-up.
 12. Contracting on a supply, maintain, test, and install basis, over a contract period of 5/8 years, removes any uncertainty as to future repair/replacement costs and with fixed pricing, smooths out any additional cost impact on our revenue position of replacement failure.
 13. Life spans range from 5 to 10 years and it would be reasonable to expect a life span of 8 years. It would be part of the tender exercise to require an ongoing commitment for years 6 to 8 to still maintain the existing supply, at which stage for years 6 to 8 ,we would only meet the direct cost of the contract, not then inclusive costs of supplying the displays themselves, that are usually factored into their proposals at near enough cost price.

FUNDING MECHANISMS:

Capital Borrowing

14. Todmorden Town Council has the power to borrow for Capital investment through a mechanism involving the Public Works Loan Board.
15. The process involved for Town Council is lengthy and requires:-
 - a. Public consultation exercise
 - i. Submission of findings of support for the scheme.
 - ii. Detailed budget provision to include affordability to repay including interest repayment.
 - b. Application process
 - i. Preparation of business case and related documentation
 - ii. Submission to Yorkshire Local Councils Association and if satisfied
 - iii. Submission to PWLB – scrutiny and challenge as to need
16. Recent experience by the Town Clerk of delivering successfully two PWLB schemes, indicate a likely timescale of 6 months from Formal Town Council Resolution to Borrow to approval and drawdown of loan.
17. Capital borrowing would only involve the outright purchase of displays and not the ongoing revenue costs of maintenance, repair, storage, test, install and take down. These would still require revenue budget provision.
18. Without the benefit of a tender exercise for outright purchase, the extent of capital investment required is at present unable to be firmed up , but a review of display costs across a number of suppliers , would indicate it would not be unreasonable to assume a cost of £1,000 per display for the purposes of our financial modelling.

Revenue - Contract issues

19. An alternative to outright capital purchase, and then meeting ongoing revenue costs of repair, maintain, test and install, (but without replacement on failure of display) is to enter into an all-inclusive contract that includes within it:-
 - a. Provision of displays
 - b. Install and demount
 - c. Storage
 - d. Testing
 - e. Repair/relamp and or replacement.
20. Infrastructure costs of providing power and connection to additional lighting columns would not be included in such a contract and is estimated at £350 per fitting- installed by Calderdale MBC.
21. We would expect pricing within any contract to be fixed for the duration of the period agreed.
22. We would expect options of a phased delivery of schemes but with the intention to co terminus these at the end of year 5 in order for us to review then future alternatives of:-
 - a. Ceasing the contract with ownership of displays to Town Council – source a maintenance/install contract short term 3 years.
 - b. Extension for existing contractor years 6 to 8 for continuance of contract at agreed reduced cost (reflecting non-inclusion of initial display provision cost)
 - c. Consider entirely new scheme.

Revenue – Phasing options

23. Replace all existing areas, but add a new children’s scheme, and new schemes for Eastwood, and Portsmouth.
24. From a financial point of view is above budget for year one (£25,593) but within budget years 2 to 8. However, delivery as a whole project this year is unlikely to be achieved given our lateness in approaching this and likelihood of Covid 19 impact in the supply chain.
25. Should Members however have a desire to do this next year, there is the opportunity to do so and in tendering, make it a condition that if awarded , any shortfall in display for this year would be met from the appointed supplier’s own resources – likely spare available second hand displays they may have in stock.
26. Because of the number of options open for consideration, to provide some effective means of comparison of a revenue scheme against an outright capital purchase scheme , the following assumptions have been made in terms of a phased approach to delivering the scheme in entirety by year three as follows:-
 - a. Phase 1 Todmorden Centre including children’s design option 2020
 - b. Phase 2 Walsden, Portsmouth and Eastwood 2021
 - c. Phase 3 Cornholme
27. In terms of financial comparison, the detail is included in Appendix 2 and 3, but in summary over an 8 year period we arrive at the following for comparison purposes: -

Scheme	8 year estimated cost	Annual equivalent over 8 years
Outright Purchase – Capital c£60k- including interest costs Plus estimated costs for maintain, test, store, install – no replacement cost (£1000 per display cost)	£151,420	£18,905
Revenue – Option 1 - gold and silver – all-inclusive in replacement if faulty	£134,749	£16,844
Revenue – Option 2 – coloured – all-inclusive in replacement if faulty	£136,941	£17,118

28. Members should note that the Capital model is based on an average cost of £1,000 per display requiring circa £60k borrowing (including a 10% contingency). If for example in tendering for outright purchase this were reduced to £750 per display, plus the 10% contingency, the effective comparison would be.

Scheme	8 year estimated cost	Annual equivalent over 8 years
Outright Purchase – Capital £45k - including interest costs Plus estimated costs for maintain, test, store, install – no replacement cost (£750 per display cost)	£132,485	£16,561

TENDER PROCESS

29. Given the size of this contract it will be necessary for a full tender specification to be prepared and for it to be advertised on the government Contracts Finder portal and our web site in addition to any known likely bidders to be invited into the process.
30. The tender will need to include a number of options as well as technical specifications, location plans etc, Service contract specification (maintenance, testing, install, storage) – all involving a substantive piece of work
- a. Outright purchase
 - b. Outright purchase and ongoing “Service Delivery” contract (maintenance etc)
 - c. All inclusive of display provision and ongoing Service Delivery option
 - d. Commitment to provide Displays if we experience a shortfall for our existing 2020 scheme if unable to deliver the new scheme(s) this year.
31. Tenders would need to be ready for issuing by the end of July with a response time of end of August.
32. Members would need to select a scheme and contractor by the middle of September (likely special meeting) with appointment and contract in place by end of September.
33. Contractors would then either commit to delivery or not this year- including provision of shortfall for 2020 if required.

34. In addition, if introducing new schemes to Portsmouth and Eastwood there will be a need for new lighting column infrastructure and that will rely on the availability of Calderdale MBC to do so.

FINANCIAL IMPLICATIONS:

35. There is an annual budget provision of £20,000 which would seem to be sufficient to accommodate the ongoing revenue cost of any of the options under consideration.
36. Members should note that indicative pricing ahead of tender is based on a single quote to date, not tendered pricing, plus allowances based on discussions of the Town Clerk with Calderdale MBC and a potential supplier. On Tender we would expect some marginal gain.
37. The outright purchase option is financially viable in comparison to the all-inclusive option if estimated costs per display of £750 were achieved, however: -
- a. There is not enough General Reserve availability to purchase outright from Revenue.
 - b. Loan Borrowing approval is not guaranteed and there is insufficient leeway in our revenue position to “bridge” at risk, pending loan approval and receipt of funds.
38. Should Members not wish to proceed with a new scheme(s) but piecemeal replacement as and when units get to their end of useful life, costs cannot be controlled. However, there is likely to be sufficient revenue budget available to meet random year on year replacement.

RECOMMENDATION:

39. That Members of the Emergency Committee consider how they wish to proceed on this matter.

REASON FOR RECOMMENDATION:

40. Whilst there are revenue resources available to meet all options, Members decision is required whether to commit to new schemes(s) or deal with piecemeal replacement on a year to year basis.

POLICY IMPLICATIONS:

41. Members need to determine what their Policy stance is on this issue considering all the options as outlined in this report and the impact on Town Centre appearance at this important time of the year.

DETAILS OF CONSULTATION:

42. None at present but if loan borrowing sought Public Consultation will be required.

SUPPORTING PAPERS

43. Appendices 1a-c --Existing schemes- Cornholme,Walsden,Todmorden
Appendix 2 – Capital option
Appendix 3 –Revenue option

For further information please contact: Colin Hill