

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

13 September 2016

REPORT AUTHOR: County Councillor John Brunt

SUBJECT: Depot Review Formal Consultation – Crickhowell & Presteigne

REPORT FOR: Discussion/Decision

1.0 Summary

1.1 Project background

As part of the Medium Term Financial Strategy the Authority is committed to achieving efficiencies within its services. This project aims to reduce the ongoing revenue costs associated with providing infrastructure facilities for Highways, Transport & Recycling operations, by initiating a comprehensive review of the current 15 depot assets.

As approved at the Cabinet meeting of the 10th May 2016 a detailed review has now been undertaken on Crickhowell & Presteigne depots which has confirmed they do not suit current operational or corporate property requirements.

Furthermore, the Depot Review project is heavily linked to the current Logistics project, with the savings identified by Northgate only achievable if HTR reduce their current number of depots.

The HTR depot estate currently consists of the following 15 assets:

Depot	Services Provided
Abercrave – Cae'r Bont	Highways / Waste
Boughrood	Highways
Crickhowell – Dan-y-Parc	Highways
Brecon - Ffrwdgrech	Highways / Waste / Fleet
Llanbrynmair	Highways
Llandrindod – Ddole Road	Highways / Fleet
Llanfyllin	Highways
Llangammarch Wells	Highways
Llanidloes	Highways
Newtown - Kirkhamsfield	Highways / Waste / Fleet
Penybont	Highways
Presteigne	Highways
Rhayader	Waste
Welshpool	Highways / Waste / Fleet
Newtown - Vastre	Waste

1.2 Project Drivers

In addition to the Logistics project and the Medium Term Financial Strategy savings the Strategic Asset Board is also driving a depot review. The Strategic Asset Board is looking to ensure that the corporate property team assist services to release surplus property assets for disposal and thereby raise capital funds.

1.3 Project Details

Objectives - The aim of the project is to ensure that HTR has the optimum quantity and location of depots, to most efficiently carry out the required operational duties.

Deliverables – A reduction in depot running and maintenance costs if HTR operate from less sites. HTR would also require less plant to operate the remaining depots. Capital investment would be targeted on upgrading the remaining depot facilities, or constructing new strategic facilities.

Benefits - Corporate property may generate potential capital receipts and reduce their essential maintenance expenditure on keeping depots safe, compliant and fit for purpose. HTR will have the optimum quantity and location of essential depots to most efficiently carry out their basic operational duties. In addition to which there will be increased operational control of the operational activities.

How will these benefits be achieved – A rationalization of non-essential depot assets through a series of reviews and consultations.

1.7 Depot Operating Costs (14/15)

	Annual Salt Storage & Handling Costs	Annual General Running Costs	Future Capital Required
Crickhowell	£20,406	£19,325	£133,000
Llanbrynmair	£12,754	£18,736	£350,000
Llanfyllin	£20,392	£36,480	£90,000
Presteigne	£17,006	£16,571	£175,000
Builth Wells	£0	£10,147	£0
Abercrave	£37,400	£46,852	£383,250
Boughrood	£20,412	£23,578	£240,500
Brecon	£42,501	£151,465	£201,500
Ddole Road	£0	£71,115	£163,000
Llangammarch	£20,405	£56,119	£166,500
Llanidloes	£37,221	£18,524	£117,000
Kirkhamsfield	£23,833	£93,837	£142,800
Penybont	£23,807	£61,187	£85,000
Rhayader	£0	£31,990	Already in Capital Programme
Welshpool	£50,741	£73,098	£66,000
Vastre	£0	£28,634	£6,000
Total	£326,878	£757,658	£2,319,550
NMWTRA Contribution	£118,036 (36%)	£144,031 (19%)	

Please note that the estimated future Capital requirements are subject to change and do not include professional fees.

1.8 Salt Storage & Primary Gritting Routes

	Salt storage Capacity	% of total PCC Capacity	Salt barn capital replacement Cost	Number of Primary Gritting Routes
Crickhowell	1,200	6.23	£200,000	2
Llanbrynmair	750	3.90	Not covered	1
Llanfyllin	1,200	6.23	£200,000	3
Presteigne	1,000	5.19	£165,000	2
Abercrave	2,200	11.43	£365,000	2
Brecon	2,500	13	£415,000	4
Boughrood	1,200	6.23	£200,000	2
Llangammarch	1,200	6.23	£200,000	3
Penybont	1,400	7.27	£235,000	2
Newtown	1,400	7.27	£235,000	4
Welshpool	3,000	15.58	£500,000	4
Llanidloes	2,200	11.43	£365,000	2
Total	19,250	100%	£3.08m	31

Welsh Government have advised that all Local Authorities need to store 1.5 times their 5 year average consumption of salt. This equates to nearly 30,000 tonnes for Powys, this has never been fully met and last year we started the winter maintenance season with a salt stock of 26,000 tonnes across our 12 salt storage facilities. This means that most facilities are consistently loaded to above their design capacity.

Following the route optimisation work, a strategic salt storage strategy will be prepared that will determine the most cost effective locations and means of storing salt.

In addition to which in 2013, Welsh Government opened a salt storage facility in Llanidloes which contains 7,500 tonnes of salt and discussions have been initiated around using this facility.

There is a capital allocation of 1.49M for investment in replacement salt storage over the next 2 years.

1.9 Project Constraints

The timeframes and expected savings to be derived from elements of this project are outlined in the below table, which has been extracted from the Medium Term Financial Strategy;

MTFS Project	16/17	17/18	18/19
Logistics Review (Northgate)	£250,000	£425,610	£0
Highways Service Reductions	£0	£500,000	£0
Highways Service Reductions – Prioritisation of Essential Works	£25,000	£25,000	£0
Staff Reductions – Natural Wastage and Ongoing Staff Restructures	£150,000	£200,000	0

It is considered that the above MTFS savings can only be fully achieved if the current number of depot assets is reduced.

2.0 Proposal

2.1 A formal consultation has been conducted with all the staff at Crickhowell and Presteigne Depots, as well as the local Town & Community Councils. The service has considered the consultation and proposes the following:-

2.2 Crickhowell

It is recommended that staff are relocated to the Brecon depot at the earliest opportunity.

The depot will then be retained in the interim as a non-operational salt storage facility until such time as a salt storage strategy has been formulated with the aid of route optimisation results. This would mean that salt would only be utilised from this depot if supplies in Brecon or elsewhere, were running low because of a sustained period of cold weather.

2.3 Presteigne

It is recommended that staff are relocated to the Penybont depot at the earliest opportunity.

The depot will then be retained in the interim as a non-operational salt storage facility until such time as a salt storage strategy has been formulated with the aid of route optimisation results. This would mean that salt would only be utilised from this depot if supplies in Penybont or elsewhere, were running low because of a sustained period of cold weather.

Please refer to the site specific report in Appendix 1 and the staff comments and responses document in Appendix 2, for further information on the two depots.

3.0 Options Considered/Available

3.1 **Do Nothing** – This is not an option due to the scale of HTR budget reductions by 2018/19. Every service area within the Authority is reviewing its property assets with a view to rationalising them to achieve the savings targets identified within the MTFS. However, it is noted that the depot review is a very emotive subject for both depot staff and local residents alike.

3.2 **Review all depot locations** - As mentioned above, a full, detailed and considered review of the majority of operational depots cannot be undertaken until the route optimisation results are available. Without the full use of this software, the benefits of disposing a depot asset could be reduced by increased revenue costs to HTR in the form of

additional fuel consumption, vehicle wear & tear, and unproductive travelling time.

4.0 Preferred Choice and Reasons

- 4.1 **Conduct the Project In Part** – This is the option that has currently been progressed with two depots (Crickhowell and Presteigne) being formally reviewed initially, as they are the smaller depots in terms of facilities, staff numbers and services provided. It should also be noted that these depots are used solely by the Highways, Grounds and Street Scene departments, with no Waste & Recycling depots being affected by the initial review.

Due to the very large geographical area that Powys covers, it will not be possible to form considered decisions on the future of the majority of the depot assets until the Authority progresses further the Route Optimisation.

5.0 Local Member(s)

- 5.1 All local members for the areas served by the Crickhowell and Presteigne depots have been made aware of the depot review on numerous occasions.
- 5.2 This proposal does have implications for Local Members across the various communities in the county of Powys.

6.0 Other Front Line Services

- 6.1 This proposal does not have implications for or needs involvement from other front line services.

7.0 Support Services (Finance, Corporate Property, HR)

- 7.1 HR Advisors have been supporting the formal consultation and finance/corporate property have supplied the financial information. HR will ensure that employees who move bases as a result of this proposal receive the appropriate travel payment.
- 7.2 The Professional Lead-Legal has nothing to add save that the Legal services will assist/advise when and if required.
- 7.3 Finance – The Finance Business Partner comments that the closure of Crickhowell and Presteigne depots would result in a reduction of general running costs of £52K (net of NMWTRA contributions and inclusive of capital charges), however an annual disturbance payment of £5K (for 4 years) whilst staff are relocated to Brecon and Penybont would need to be met from this saving initially. The closure of Crickhowell and Presteigne would mitigate future capital investment of

£308K required to bring the sites up to standard. The depot review is heavily linked to the current logistics project in reviewing and re-routing gritting rounds, savings made as a result of the closure will contribute to the savings in the Medium Term Financial Strategy for Highways, Transport & Recycling and Regeneration, Property & Commissioning.

8.0 Corporate Communications

8.1 Formal consultation with staff as well as local Town & Community Councils has been conducted.

8.2 The report is of public interest and requires use of news release and social media to publicise the decision.

9.0 Statutory Officers

9.1 The Strategic Director Resources (S151 Officer) has commented: the comments supplied by the Finance Business Partner are noted. It is clear that the depot review is a key part of the current logistics project in reviewing and re-routing gritting rounds, savings made as a result of the closure will contribute to the savings in the Medium Term Financial Strategy for Highways, Transport & Recycling and Regeneration, Property & Commissioning.

9.2 The Deputy Monitoring Officer notes the legal comment and has nothing to add to the report.

10.0 Members' Interests

10.1 The Monitoring Officer is aware of specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

11.0 Future Status of the Report

11.1 Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

Recommendation:	Reason for Recommendation:
1. To relocate staff based at Crickhowell depot to Brecon depot & staff based at Presteigne depot to Penybont depot at the earliest opportunity.	To ensure that cabinet approve the service recommendations prior to implementation.
2. Both depots will then be retained on an interim basis as non-operational salt storage facilities until such time as a salt storage strategy has been formulated.	

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	
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Person(s) To Implement Decision:	Nigel Brinn
Date By When Decision To Be Implemented:	

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Background Papers used to prepare Report: