



<u>Committee and Date</u>
Cabinet
19 October 2022

<u>Item</u>
<u>Public</u>

## Highway Depot Closures

**Responsible  
Officer**

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### 1. Synopsis

**The purpose of the report is to propose the formal closure of the highway depots at Hodnet and Bridgnorth.**

### 2. Executive Summary

- 2.1. On the 1<sup>st</sup> of April 2018, following a competitive tender process, Shropshire Council commenced a seven-year contract with Kier as the councils term Maintenance Contractor.
- 2.2. Over the last two years the Council has worked closely with Kier to address key areas of concern with the service both within Kier and the Council. This has resulted in a wide range of operational changes and service developments. These have seen the Council embrace self-delivery and provided greater ability to manage the highway network and enable Kier to deliver a much-improved service on behalf of the council. As part of the on-going improvement plan, all areas of the service were reviewed.
- 2.3. Operational activity was halted at the depots at Hodnet and Bridgnorth, in May 2021, to review immediate health and safety concerns at those depots. Investigations showed areas requiring urgent and substantial repair to bring them back into use and that the operation of Winter Maintenance activities, in particular from Bridgnorth, would be considered unsafe. It was agreed that the depots should be closed by the Councils highways management teams and Cabinet Member in July 2021 whilst the issues were reviewed further and a full depot review of need was undertaken. In response to the presentation of a petition at Council in September 2021, the then Cabinet Member for Highways indicated that whilst the depots had been temporarily closed for health and safety

reasons, any permanent closures would be brought to Council or Cabinet for members' decision. Activities were therefore diverted at short notice with all operational activities transferring to other depots by the 4<sup>th</sup> October 2021. This report now sets out the business case for closure of the two depots.

- 2.4. To inform a business case for investment into those depots or their permanent closure, the service has been monitoring the performance metrics of the highways team across the county and on an area by area basis, to assess whether there has been any drop-off in service compared to before the depots were closed and to other areas of the county.
- 2.5. A twelve month period followed which has provided time to evaluate performance and operational impact, as a result of the interim closures.

The information set out in detail within this report shows that there has been no impact arising from these two depot closures on the service we provide to members of the public in both the North and South of Shropshire.

- 2.6. Local Councillors, particularly in the South, have voiced concerns regarding the closure and whilst very careful note has been taken of the issues they have raised, our analysis of relevant performance measures show improvements in all metrics. Investigations into each issue show that concerns raised would not have been addressed had the depots been open as they were outside of written policy or budgets.

### **3. Recommendations**

#### **That Cabinet is asked to;**

- 3.1. Note the formal closure of the highways depots at Hodnet and Bridgnorth.
- 3.2. Declare as surplus to Highways requirements the Bridgnorth and Hodnet depots; delegating authority to the Head of Property and Development to agree and complete repurposing, redevelopment or disposal of the assets as appropriate.

## **REPORT**

### **4. Risk Assessment and Opportunities Appraisal**

- 4.1. The highways service, as with most other local authorities, has seen several years of under investment into highway maintenance from central government, which has seen capital and revenue funding for maintenance activity and staffing reduce significantly over the last

decade. This has had a significant impact on the condition of the highway in Shropshire over that time, with accelerating decline year on year.

- 4.2. The last two years have seen the whole service being extensively reviewed and changes to the ways of working for both the council and Kier has demonstrated significant improvements. This process has also included improved utilisation of the operational depots and workforce to better deliver the contemporary needs of the highway services within Shropshire.
- 4.3. Historically, there have been five operational depots in Shropshire. With the increase in technology, diversified supply chains and reduced funding however, five depots reflects a past need, with many similar size shire counties operating two or three operational depots to provide an equivalent highways service.
- 4.4. It is important to also ensure that the Council achieves good value from investment and overhead costs have to be considered. To this end the highways team have been working closely with Kier to reduce unit costs to ensure that the council maximises its return on investment.

## **5. Financial Implications**

- 5.1. There are initial cost savings due to depot overheads being reduced and reduced future service cost as a result of this report.
- 5.2. The cost of bringing both depots up to operational standards to meet both current environmental and safety requirements is estimated to be between £2-3m.
- 5.3. Closure of Bridgnorth and Hodnet depots would reduce revenue costs to the highway service by approximately £50,000 per annum which could contribute to meeting council savings targets or invested into increased maintenance activity.
- 5.4. Over the past 12 months operational efficiencies arising from increased productivity and changes to ways of working have reduced the unit cost of defect repair significantly. This has been achieved through finding more efficient and cost-effective methods of delivering the service.

## **6. Climate Change Appraisal**

- 6.1. No carbon impact assessment was undertaken on highway activities before the closure of the depots and therefore a detailed

comparison of the impact of activities before and after cannot be made.

- 6.2. Whilst it is acknowledged that there is a longer drive to certain locations from current depots compared to Bridgnorth and Hodnet the daily productivity of repairs has increased with gangs undertaking repairs along the route. No additional vehicles have been utilised to undertake the repairs from the depots. It is therefore considered that any carbon impact arising from the proposal would be nominal.
- 6.3. Similarly, winter maintenance routes have been reconfigured and there has been no increase in the number of vehicles used to continue to meet policy requirements.
- 6.4. Operational efficiencies have significantly improved over the last 12 months with over 98% of defect repairs now being repaired permanently compared to less than 50% prior to that date. This has significantly reduced the number of repeat visits to repair the same defect. This has also enabled greater capacity to focus on the backlog of defects and remove the carbon impact arising from poorly maintained roads.
- 6.5. Whilst therefore it may be that there is some carbon impact from longer journeys to undertake maintenance, it is considered that this has been offset by operational efficiencies that have arisen as a result of the changes in working over the last 12 months. As a result it is considered that the total impact of the highway service is likely to have at least remained net neutral.

## **7. Term Service Contract Background**

- 7.1. In April 2018, Kier started the contract delivering highways and street scene service in Shropshire. Kier has 99 directly employed members of staff, 61 of which are local highways operatives.
- 7.2. Kier has 42 council approved supply-chain partners who can support them in undertaking works on behalf of Shropshire Council. These range from large national organisations, such as Tarmac and IdeVerde, to a wide range of smaller local contractors who are based in Shropshire.
- 7.3. Kier delivers a wide range of services to Shropshire Council, which include, but are not restricted to the following:
  - Highway reactive defects
  - Street Lighting
  - Winter Maintenance
  - Street cleansing

- Bridge maintenance
  - Ground's maintenance
  - Highway Capital projects
- 7.4. The contract turnover was advertised as approximately £21M per year, with a minimum value of £10M per year. However, the spend through the contract has been circa £30m per year. This increase in spend is predominantly due to the council's success in bidding for additional funds from government and the increase in developer funded schemes to mitigate the impact of housing growth across the county.
- 7.5. In May 2021, significant health and safety issues were identified with the salt barn at Bridgnorth depot, this was on top of existing safety concerns about office buildings at both Bridgnorth and Hodnet and environmental compliance concerns with material storage areas at both sites.
- 7.6. To maintain the wellbeing of staff and ensure environmental compliance an operational decision was made by the service to cease using Bridgnorth depot and Hodnet depot until the issues were resolved. It was acknowledged that significant investment would be required to upgrade them as operational depots. It was considered at that time that operating out of three depots instead of five was more than sufficient for the services needs and therefore no downturn in performance was anticipated.
- 7.7. No amendments to service levels within Kiers contract were therefore implemented to reflect the forced changes to operations. The three remaining operational depots at Whittington (North), Longden Road, Shrewsbury (Central) and Craven Arms (South) were therefore utilised.
- 7.8. No Shropshire Council staff were based at either Bridgnorth or Hodnet depots and they were not open to the public and so it was not considered that there was any immediate direct impact to public services as a result of their closure.

### **Highways Service Improvements**

- 7.9. A new operating model was jointly developed between Shropshire Council and Kier, in order to drive efficiency for reactive maintenance services. This has involved the creation of a blend of interventions which were required to meet the needs of the asset. This has seen the emergence of a mixed economy model, involving the councils own direct labour, Kier and supply chain partners. This has seen the service derive greater value from budgets and has given the service the ability to meet the demands of the highway asset.

- 7.10. This involved Shropshire Council and Kiers management and supervisory staff operating from the three remaining operational depots, Whittington (North Shropshire) , Longden Road (Central) and Craven Arms (South Shropshire) in order for Alliance working arrangements to be implemented. As a result of Shropshire Council and Kier staff all being co-located on the same sites, it has led to greater levels of visibility and accountability for operational efficiency which has helped drive performance. It has also provided Kier with a sufficient quantum of staff at each site to provide greater resilience for absences and as a result ensured improved utilisation and productivity of works gangs.
- 7.11. Concerns were raised by local councillors and Towns and Parish Councils, regarding the potential for service impact, due to the closures of Hodnet and Bridgnorth and that this would have a detrimental impact on services in these areas.
- 7.12. Appendix A, shows a map of Shropshire, split by the 16 operational zones. Prior to the depot closures, reactive services would have been delivered for Zone 3 and 5 from Hodnet; with Zones 10, 14, 15 and 16 serviced from Bridgnorth.
- 7.13. Performance data for financial year 2020/21 and 2021/22 which spans the period prior to and after operational activity in Hodnet and Bridgnorth ceased is shown in Appendix B and C. The yellow bar shows the total number of reactive defect repairs carried out in financial year 2020/21, prior to the depot closures. The blue bar shows the total number of reactive defect repairs carried out in financial year 2021/22, after the closure of both depots.
- 7.14. Appendix C below shows the split between jobs completed within the contractual timeframe; and those completed outside of this timeframe.
- 7.15. These tables highlight that operational efficiency has increased considerably in all operational zones across Shropshire. In addition to the increase in levels of reactive maintenance, response times have also improved significantly.
- 7.16. Whilst it is acknowledged that there are some delays in the repair of potholes, this is not inconsistent with the rest of the county and has considerably improved compared to timescales prior to the closure of the depots. In May 2021, there were 10,400 outstanding highway defects on the network countywide. In May 2022 the number of highways defects had fallen to 7064. In September 2022 the number of outstanding highway defects stands at just 5038 a reduction of 52%. This is the principal activity undertaken from the depots

## **Emergency Responses**

- 7.17. Kier have continued to respond to highway emergency call outs on behalf of Shropshire Council. The responses are now responded to via one of the three operational depots in the north, central and south areas.
- 7.18. Performance data for the period May 2021 to the end of August 2022, is shown in Appendix D. This shows that responses times to highway emergencies (1 hours in hours/1 hour 30 minutes out of hours) have continued to be delivered at 100%.

### **Winter Maintenance**

- 7.19. The Winter Service is now delivered through three operational depots, following the closure of Bridgnorth and Hodnet depots. The gritting routes that ran from the former locations were evaluated and this showed that these routes could be re-scheduled from either Craven Arms Depot or Londgen Road Depot and still be completed within contractual times scales (one hour prior to the weather event occurring). This reduced the number of locations for salt stock deliveries but in no way reduced the level of service within the winter maintenance policy.
- 7.20. Some concerns were raised about lack of gritting activity in Bridgnorth last winter. These concerns were investigated and each concern was found not to be on routes that should be gritted at that time for the prevailing conditions. There were also some misinterpretations by members of the public and others about the requirements specified within the Winter Maintenance Policy.
- 7.21. Appendix E shows KPI data for the Winter Service.

### **Flooding Response**

- 7.22. During the flooding event that occurred in March 2022, all the responses operational responses were co-ordinated by Shropshire Council and our partners, including Kier.
- 7.23. This resulted in 300 sandbags being deployed to Bridgnorth prior to the flooding event occurring, with an additional 300 deployed to key locations in the town to support residents.
- 7.24. Operational resources were also on the ground during the event in order to support the response teams. All of which were carried out successfully.

### **Equality, Social Inclusion and Health Impact Assessment**

- 7.25. An Equality, Social Inclusion and Health Impact Assessment has been completed and is shown in Appendix F. The screening facilitated consideration of the proposed closure in terms of the likely equality impacts for the community, and for Protected Characteristic groupings in the community, as set out in the Equality Act 2010. The services that are being delivered at present are visible services and any changes will therefore be similarly visible for communities in Shropshire. The Council will therefore need to ensure that societal impacts are at worst neutral, utilising performance data and ongoing engagement with communities.
- 7.26. Performance data monitored since the depots were closed indicates that there has been no impact on the service, in fact performance levels have increased across all areas of the service. As such, the likely equality impact may also be considered to be neutral to low positive for the wider community in Shropshire and for Protected Characteristic groupings within the community.
- 7.27. From an outcomes angle for communities, engagement with all Members as community leaders, and through Cabinet and Portfolio Holder, will continue to help the service and therefore the Council to ensure that information, feedback and concerns are raised with Highways and that actions may then be identified as necessary to mitigate any negative impacts.

(OBI)

## 8. Conclusions

- 8.1. This report provides information on the outcome of the closure of two highways depots which occurred in May 2021. The Council agreed to review performance for 12 months following these depots no longer being used for operational services.
- 8.2. This has demonstrated that there has been no operational impact as a result of these ceasing operational activity at these locations. In fact, the service has developed and significantly improved performance and efficiency in all core service areas.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

None

**Cabinet Member (Portfolio Holder) - Cllr Richard Marshall**



**Local Member - All**

**Appendices**

**Appendix A – Highway Maintenance Zones**

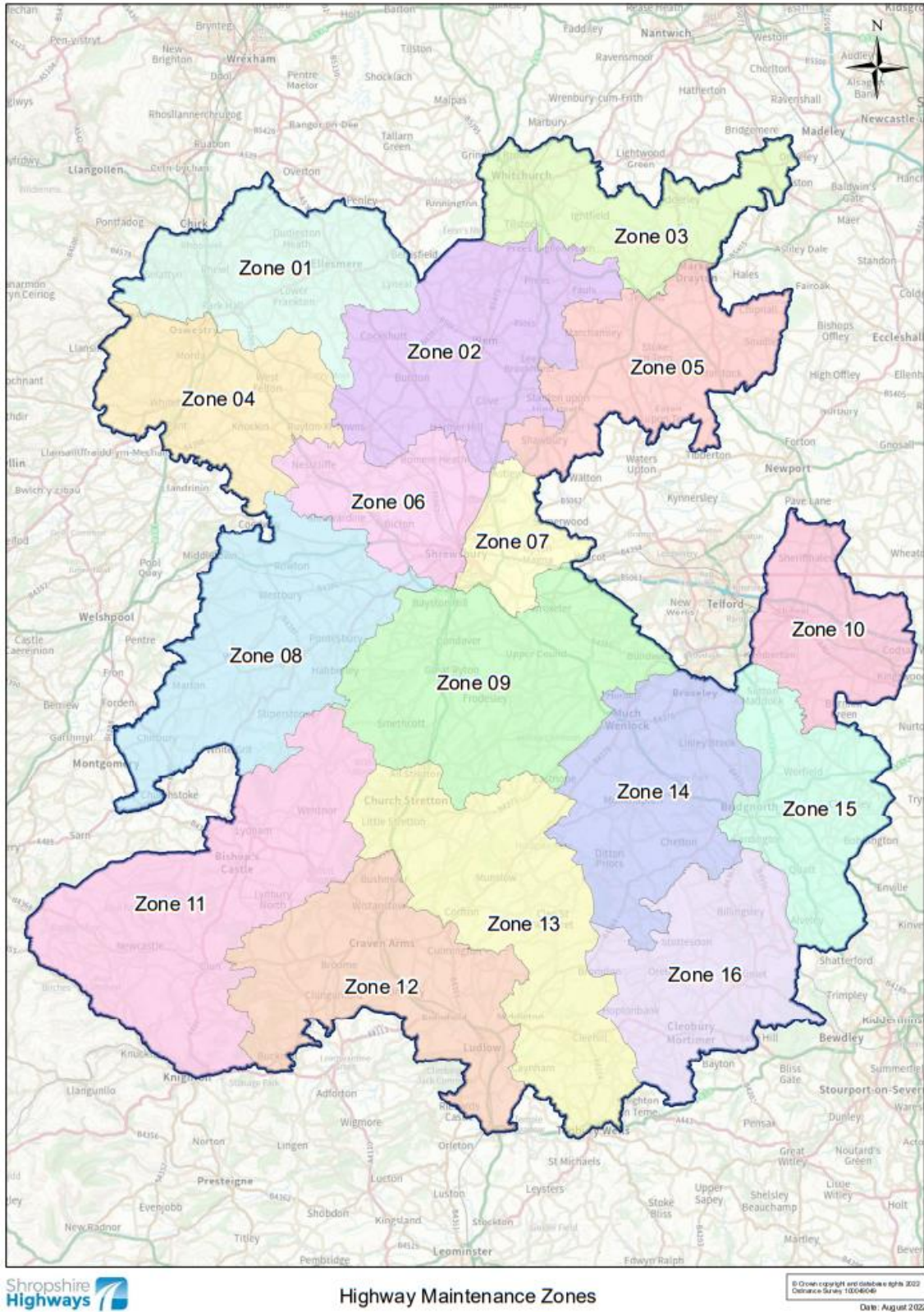
**Appendix B – Reactive Response Figures**

**Appendix C - Reactive Response Figures within Contract timescales**

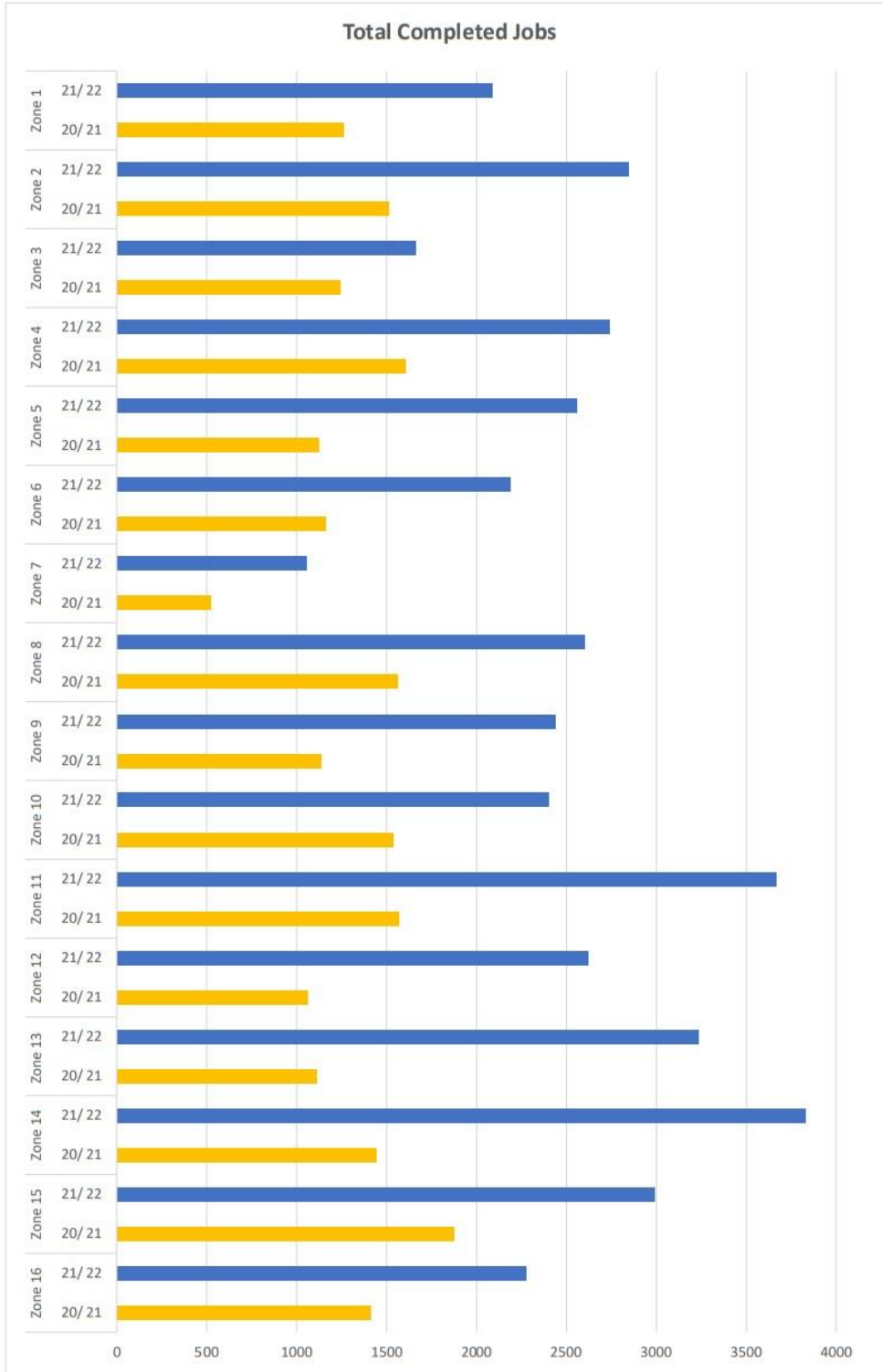
**Appendix D – KPI Emergency Responses**

**Appendix E – KPI Winter Maintenance**

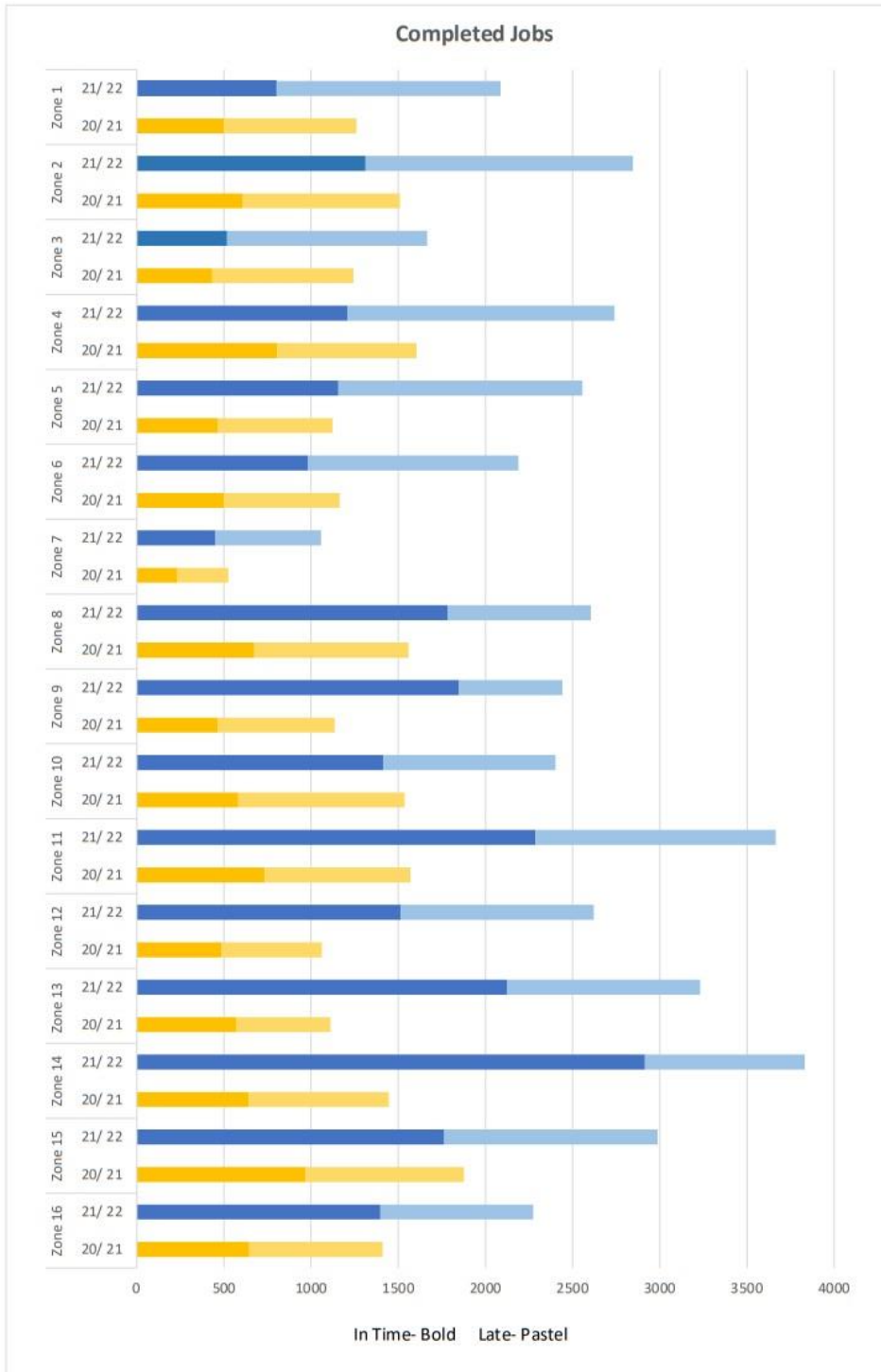
## Appendix A



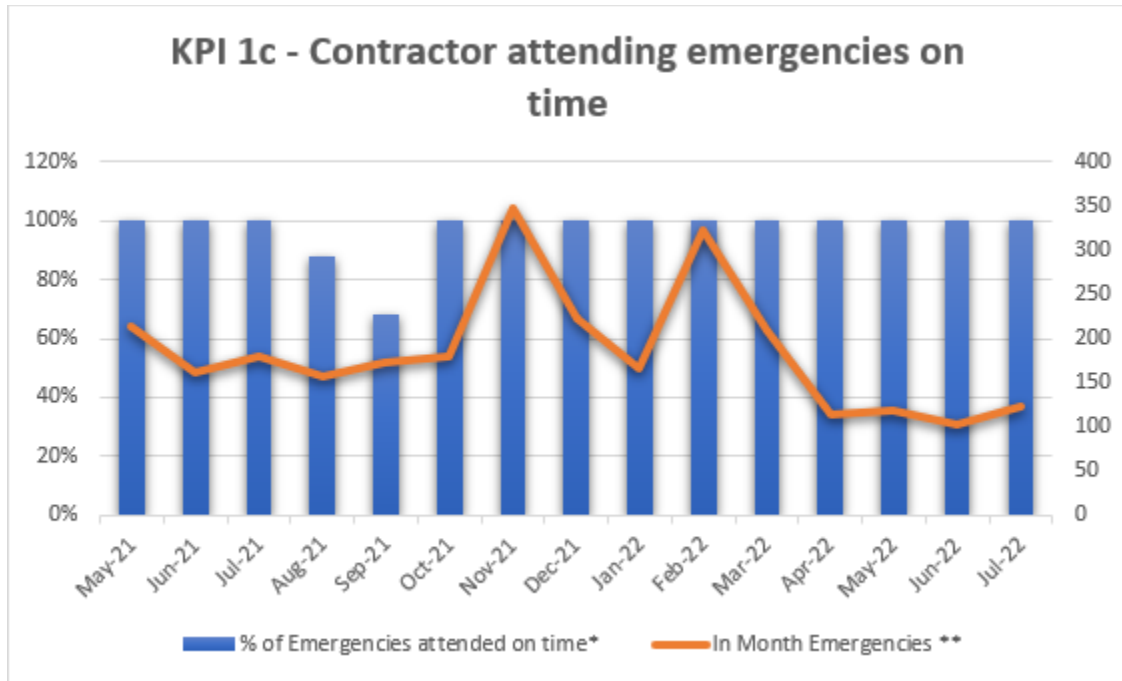
**Appendix B**



### Appendix C



### Appendix D



### Appendix E

