



REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE ON 20 JUNE 2023

SUBJECT: DEPOT AND STORE REVIEW

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 The purpose of this report is to provide an update on progress of the depot and store review and seek approval for some initial actions in relation to early rationalisation.
- 1.2 This report is submitted to Committee in terms of Section III (F) (3) of the Council's Scheme of Administration relating to industrial and commercial development.

2. RECOMMENDATION

2.1 It is recommended that Committee:-

- (i) considers and notes the update;**
- (ii) approves the progression of early rationalisation of the properties outlined in line with the vacant and surplus procedure; and**
- (iii) notes that the outline business case will be reported before 31 December 2023.**

3. BACKGROUND

- 3.1 The meeting of this Committee of 6 September 2022 approved a report providing an update on work undertaken, noted that officers had identified potential opportunities to deliver early savings and noted a further update would be provided once the outline business case was developed (paragraph 12 of minute refers).
- 3.2 Officers have been working with colleagues to develop the outline business case. However, the complex interconnections with other work streams and significant competing priorities has seen progress slowed. It is, however, intended that the outline business case will be presented before the end of this calendar year.

4. PROGRESS

- 4.1 Engagement with services which use depots and stores has continued with a completed workshop which has helped focus the outline business case development. From the engagement and workshop it is clear that how the properties are used significantly affects the ability for the Council to rationalise, or otherwise, the properties.
- 4.2 Significant outcomes from the work since September include clarity of any properties which should be out of scope. The decision has been taken that the Closed Records Store (CRS) and Archives should formally be out of scope although, through the process, any opportunities to identify a long term solution for these properties will be considered. The long term future property requirement for the CRS and Archives will be progressed by Asset Management once significant progress on the Depot and Store review has been made. Further the significant interconnections between the Smarter Working Project and the EV Charging Strategy for Council vehicles must be included in the depot and stores review.
- 4.3 In relation to the Smarter Working Project, as this project seeks to maximise use of our offices, there will be opportunities for staff who are currently based in depot environments undertaking tasks which can be completed in an office environment to be relocated. The benefits for this would be ensuring staff currently in depot environments benefit from our flexible working opportunities and ensuring that staff have appropriate modern working environments. Further, there will be opportunities to reconfigure remaining sites which may have reduced office space requirement to maximise use for their primary depot/store purpose.
- 4.4 The requirement to transition to NetZero cuts across all parts of the Council. However, it is a significant factor in decision making in relation to property and vehicles. Decisions on both are medium to long term decisions due to the life cycle of vehicles and the relatively inflexible nature of buildings. The outline business case will therefore focus on retaining sites which are, or are able to be, operationally efficient, health and safety compliant, deliver the service in the correct location and can meet our NetZero objectives by either already not having a carbon producing heat source or can be adapted at appropriate cost.
- 4.5 It is clear that the transition to a non-fossil fuel vehicle fleet will be extremely challenging, not least given that currently there are limited or no options for some of our large specialist vehicles. How we transition our fleet could have a significant impact on our depot requirements when the potential range of electric vehicles, vehicle charging requirements and repair requirements are considered. The outline business case will therefore look to incorporate strategic recommendations on how the council addresses the charging of Council vehicles. During the engagement so far, it is clear that some flexible/modern/efficient working practices like staff starting work journeys from home and working out of a stocked van are being compromised when their vehicle is changed to an EV - with the current thinking being that the EV has to be charged at a Council depot. The business case will seek to set guidelines on how services can support modern ways of working with an electric vehicle.

4.6 A further significant outcome from the engagement and workshop is the direct connection between working practices and space requirements. Historically, depot and store requirements have developed on the premise that material for the task, equipment for the task and the task instruction must be collected from a single depot before the task can commence. This is now not the case. As noted above, the DLO working practices have developed to permit staff to have a fully stocked van and an electronic device thus permitting the staff member to start their working day from their house. This reduces dead mileage and permits a more flexible working environment. However, this example of using technology to improve productivity is not evident across the various services based in depots and stores. To maximise the potential outcome from this review, the outline business case will look to incorporate opportunities for business development/improvement to minimise the use of property. This will not only look at technology, but also look at equipment and material management and storage to limit the amount of unproductive depot and store space.

4.7 During the engagement process the following opportunities for rationalisation have been identified:

Property	User	Relocation	Annual saving
Unit H, Isla Bank Mills, Keith	DLO	Staff moved to Mosstodloch	£34,000 (internal rent, utilities and rates)
Dava garage	Roads	No longer used	£500 (external rent) (note this is a leased property potential for dilapidation cost which will be covered as a spend to save from the other full year savings)
Dufftown depot	Roads	Services relocated to Keith	£7,500 (utilities)
HWRC, Conglass Lane, Tomintoul	Waste	Services relocated to Roads Depot in Tomintoul	nominal
Auchinhove salt store	Roads	Replaced with new salt store in Keith	Nominal financial saving, better service delivery and demolish to reduce risk.

It is recommended that the above properties progress through the vacant surplus process with full year savings being achieved in financial year 2024/25.

5. **SUMMARY OF IMPLICATIONS**

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

This project forms part of the Improvement and Modernisation Programme of Work that supports the Council priority of a financially stable Council.

(b) Policy and Legal

None

(c) Financial Implications

The financial savings from the rationalisation of the depots noted above accumulate to £42,000 from financial year 2024/25. As the business case develops and identifies further financial savings and potential capital spend to save projects these will be reported in the appropriate manner.

(d) Risk Implications

The main risk of the review is the engagement of Services and the completion of the project. Housing and Property officers are working with Services to ensure they have buy in to the work being undertaken and remain engaged in a process that has been ongoing for some time. As identified, early quick wins demonstrate delivery which should support positive engagement.

Planning to ensure safe movements are possible at the Tomintoul Depot for both roads and public users of the HWRC are ongoing and the move will not be progressed until this is completed.

(e) Staffing Implications

The staff implications due to the moves identified by early opportunities above have been progressed by the appropriate Service in line with HR processes where applicable.

(f) Property

The property implications are as detailed in this report and will be further detailed in future reports.

(g) Equalities/Socio Economic Impact

There are no equalities or socio economic issues arising from this report. However, these will be appraised within the business case.

(h) Climate Change and Biodiversity Impacts

No climate change or biodiversity implications have been identified relating to the recommendations of this report. However, any decisions on the future of property assets will be heavily influenced by the Council's strategy.

(i) Consultations

The Head of Housing and Property Services, Chief Financial Officer, Legal Services Manager, the Head of Environmental and Commercial Services, the Equal Opportunities Officer and Lissa Rowan (Committee

Services Officer) have been consulted and their comments incorporated in this report as appropriate.

6. CONCLUSIONS

- 6.1 Engagement with appropriate services has progressed which has informed the direction of travel for the development of the outline business case.**
- 6.2 There are significant interconnections between the depot and store review and the Smarter Working project with opportunities to reduce office space within the depot and store portfolio a priority.**
- 6.3 The Council EV Charging Strategy will have a significant impact on demand for property space and to that end the strategy will be brought into the outline business case to ensure there is a strategic approach in relation to EV charging for Council vehicles utilised by depots and stores.**
- 6.4 Early opportunities have been identified and properties specified in paragraph 4.7 will be progressed through the vacant surplus process to deliver financial savings.**

Author of Report: Neil Strachan, Property Asset Manager
Background Papers: None
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