

Cost Analysis

1. Costs to be incorporated into existing budget areas

Area	One-Off Costs	Annual Cost
2 x sets of snow barriers (£7400) and 4 x electronic signs (£5000)	£12,400	NA
IT improvements – infrastructure associated with gritting information made available on the Council Website for customers to access	£5000est	Costs of £1500pa for additional equipment leasing
TOTAL	£17,400	£1500

2. Costs which will require additional resourcing

Area	One Off-Costs	Annual Cost
<p>Increase in labour costs for salt bin refills – twice weekly</p> <p>Note – the current cost to refill salt bins is £35,942 which is based on refilling 316 bins over a fortnightly cycle). There would be an increase to £61,825 in year 1 and £57,340 thereafter if we adopted an increased service provision to refill 157 bins twice weekly and the remaining 159 bins at the start of the season, then when resources allow)</p>	£4400 for fixing 237 salt bins to the ground	£21,398 – the increase in costs associated with an increased regime of refilling based on a priority 1 and 2 basis.
<p>Increased labour and materials costs associated with more effective treatment of Car Parks i.e. car park gritting and salt bin provision</p> <p>Note – There are 43 car parks within the Borough which will need to be included either on a gritting route and/or the siting of salt bins. They will be incorporated into the existing 7 priority 1 gritting routes. There is a charge of £15 per car park for gritting treatment and £150 per salt bin placement and £60 per refill. There will be 15 car parks covered on gritting routes and a further 28 with the provision of salt bins.</p>	NA	£52,710 (£35,100 for vehicle gritting, £1350 for new salt bins, £1140 to fill newly sited salt bins and £15120 to refill the existing salt bins on 9 occasions over the winter)
Procurement of small gritting machine.	£15,000	
Fleet Renewal Contributions (vehicle replacement costs) for 1 vehicle over a 5 year replacement cycle. £3000 per vehicle annually		£3000
TOTAL	£19,400	£77,108

3. Additional costs associated with the implementation of the Snow Plan

Note that these costs would only be applicable when the Snow Plan is implemented i.e. it will come into force during times of severe weather conditions i.e. blizzard conditions and/or heavy snowfall with a 5-day weather forecast indicating further snowfall and temperatures at or below freezing.

Therefore Members should be aware of the potential of the costs as detailed below based upon the severity of the winter season and the likelihood that the Snow Plan may need to be introduced at some point.

	One Off-Costs	Annual Cost
Increased temporary labour costs to 'backfill' holidays as a result of holiday restrictions in the Winter. Note – 30 FTE x 2 weeks holiday cover required which will be covered either using existing staff or agency cover	NA	£20k-£25k
TOTAL COSTS	0	£20K-£25K

If Members approved the additional service provision which would merge the existing Priority 1 and Priority 2 gritting routes there would be additional budget pressures, specifically:

1. The requirement to increase the current capacity of the salt store at Cowpen Lane, Billingham
2. The one-off purchase of 5 gritting vehicles in order to cover the additional 5 routes
3. The associated increase in staffing costs for 5 drivers (15 staff required in total operating on a 3 week shift rotation basis)

The costs associated with what would be regarded as a 'gold-star' winter maintenance service are detailed below. However, this option does require a significant increase in salt availability which must be balanced against current Government guidance which is advocating a more conservative use of salt on local networks in view of a national salt shortage. As detailed in the main report, any move from LA's which contradicts this advice is likely to result in restrictions being placed upon salt deliveries which will impact upon our ability to serve our core network.

Area	One-Off Cost	Annual Cost
Extension to the salt storage facility from 3500 tonnes capacity to 6500 tonnes Note that this is only a viable option if the authority is able to source sufficient supplies of salt. As the likelihood of this is low at the moment (in view of national salt shortages) it is recommended that this option is reviewed on an annual basis.	Estimate £170,000	

Area	One-Off Cost	Annual Cost
<p>5 x Additional gritting vehicles in order to combine primary and secondary routes</p> <p>Note – again this option would require the use of significantly more salt at a time when LA’s are being asked by Government to look at reductions in the core network. As with the salt storage extension, there is limited potential to increase the gritting network in order to merge priority 1 and 2 routes at the moment. It is therefore recommended that this option is reviewed on an annual basis alongside the salt storage extension.</p>	£100,000	
<p>Increased salt usage associated with the treatment of the 5 additional Priority 2 Routes at the same time as Priority 1 Routes – based upon 156 gritting routes (£22 per tonne @ 35 tonnes per run for 5 vehicles) £770 x 156 runs</p>		£120,120
<p>Fleet Renewal Contributions (vehicle replacement costs) for 5 vehicles over a 5 year replacement cycle. £4000 per vehicle annually</p>		£20,000
<p>Increased Standby and Overtime payments for extra gritting routes (5 secondary routes) based upon Level I stand-by (£119.61 x 5 drivers x 26 weeks) and overtime payments based on 156 gritting runs over a 26 week period - £11.15ph x 7 hours x 156 runs x 5 drivers)</p> <p>Note – this cost is directly linked to the increased provision of gritting coverage in line with the Snow Plan and the merging of Priority 1 and 2 gritting routes. In accordance with current salt availability, it is recommended to review this option on an annual basis</p>		£76,430 (£15,550 standby and £60880 single time payments) – this is based upon a severe winter of 156 runs (based upon the winter of 2009/10) although the costs would be reduced / increased on a pro-rata basis depending upon the severity of the winter.
TOTAL COSTS	£270,000	£216,550