

Committee(s)	Dated:
Port Health & Environmental Services Committee Planning & Transportation Committee	20 January 2021 26 January 2021
Subject: DBE Service Changes & Budget Proposals	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	10, 11, 12
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
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Summary

The Department of the Built Environment provides a range of front-line services for the Port Health & Environmental Services and Planning & Transportation Committees, including various cleansing, highways, parking and planning functions.

In conjunction with the Chamberlain, DBE's annual budget setting process for 2021/22 is well underway, taking into account updated projections for income and expenditure as well as DBE's new budget envelope set by Resource Allocation Sub Committee.

Two key challenges have been identified in setting a balanced service budget for 2021/22, namely:

- A £2.2m shortfall due to increasing departmental costs, a reduction in income across the board (mainly due to the impact of COVID-19) and other funding streams no-longer being available.
- The requirement to deliver a further £2.4m saving (12% of net budget) in due course to reflect the corporate requirement under the Target Operating Model.

The immediate need is to identify measures to deliver the initial £2.2m saving for a balanced budget and enable Finance Committee to set Council Tax rates for the year ahead.

Most vacant posts have already been deleted to help balance this year's budget, so the option of making further savings through internal staff changes is best

considered later in the year as part of the TOM realignment, particularly since such options would require significant discussion & consultation before implementation.

With that immediate need in mind, DBE's options are therefore largely limited to changes in service within its key contracts for cleansing, highway maintenance and parking.

The options presented in this report will require changes to some of those service standards, and where the City has typically operated to specifications set well above what might be considered the norm, such elevated specifications do not now appear to be sustainable.

From these options, officers have recommended those items that would meet the initial savings requirement with the least amount of risk and impact. Members are requested to approve those recommendations, but if Members decide not to accept one or more of those recommendations, then others from the list of options will need to be agreed in order to meet the savings required.

It is fully appreciated that these recommendations represent in some cases a considerable step change in the way these services are provided, but they are recommended as a result of a root & branch review of these functions and the scope for further changes in the timescale required is extremely limited.

Recommendation(s)

Port Health & Environmental Services Committee are recommended to:

- Agree the overall approach to identifying savings at this time, including the changes in service provision outlined in this report as they relate to the Cleansing service.

Planning & Transportation Committee are recommended to:

- Agree the overall approach to identifying savings and additional income opportunities at this time as they relate to the Highways, Parking & Traffic Management functions, including:
 - those items identified as Amber and Green at paragraph 52
 - those items identified as Red at paragraph 82, subject to the subsequent approval of the Policy & Resources Committee in relation to DBE's local risk funding for the Lord Mayor's Show.

Main Report

Background

1. Members will no doubt be aware that the aim of the 2021/22 budget round is to set the City Corporation on a direction that delivers a sustainable budget over the medium term, based on a number of key assumptions around business rate income, progress with the Target Operating Model (TOM),

previously agreed Fundamental Review targets, the potential impact of Brexit and the forecast impact of COVID-19.

2. To that end, a number of strategic actions have already been taken, including departmental bilateral meetings between Service Committee Chairs, Chief Officers, senior Members of Resource Allocation Sub Committee and the Chamberlain. These meetings demonstrated a shared commitment to delivering that sustainable budget, including a requirement for an average saving in Corporation funding of 12% as a result of the above factors.
3. Resource Allocation Sub Committee has now agreed resource envelopes for each department consistent with that position, requiring the Department of the Built Environment to review the way in which it delivers its statutory and discretionary services for its two principal Committees, namely Port Health & Environmental Services and Planning & Transportation

Current Position

4. In terms of DBE's overall budget position, prior to the requirement to deliver a 12% TOM saving, the department was already facing a number of budget pressures totalling £2.2m that require immediate action to ensure a balanced budget can be set for 2021/22.
5. The actions necessary to deliver the 12% TOM saving can be made during the course of 2021/22, with the first full year of savings delivered in 2022/23, but DBE must now review how it delivers some of its key services from April 2021 in order to meet the initial requirement of a £2.2m saving. Failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead, and in any case, as the majority of DBE's services are City Fund, there is a requirement in law for the City to set a balanced budget in this area.
6. The most obvious influencing factor behind the need to identify an initial £2.2m in savings has been the reduction in DBE income related to the impact of COVID across the range of fees & charges received from parking, highways, cleansing, district surveyors & planning functions.
7. Those income streams have been conservatively estimated for next year because of the current uncertainty about the pace and scale of recovery. Although additional income due to that recovery could be assumed and allocated towards the various savings targets, officers would caution against this as the speed of economic recovery based on a rapid business & tourist return to the Square Mile remains uncertain.
8. In addition to COVID, DBE also needed to address a number of other financial pressures including:
 - A pre-existing reduction in fees & charges prior to COVID indicative of a drop off in construction activity, likely due to uncertainty over the impact of Brexit
 - The need to meet previously agreed savings identified through the Fundamental Review and staff vacancy factors

- Additional staff costs to be met as a result of recruitment within the Planning Development team and the need for local risk budgets to carry the cost of past pay awards
 - The cessation of one-off funding amounts that had previously been used to balance the department's budget
 - A much lower than anticipated commercial waste royalty payment from Cleansing's service provider (Veolia)
 - The ongoing requirement to find efficiencies within the overall Cleansing contract to absorb the inflationary increases in service costs and the significant increase in waste disposal costs for dry mixed recycling.
9. As a result of the above factors, the current projection for 2021/22 suggests the need to identify £2.2m in savings from the services DBE performs for PH&ES and P&T Committee in order to stabilise and balance DBE's budget. To set this in context, that £2.2m is required against an overall local risk expenditure budget of £37m across all services.
10. It should also be noted that if DBE overspend this financial year, any overspend would be carried over into 2021/22, increasing the level of savings that would be required. However, a series of in year adjustments have already been made to minimise that risk, and the current projection is for DBE to deliver a balanced budget in 2020/21. Those in year adjustments have included deleting vacant posts, reducing services to match the reduced footfall levels during COVID and implementing a parking tariff increase from January. Additionally, there was an in-year budget adjustment agreed by RASC of £310k.
11. When applied to DBE's net local risk budget of £20m the additional 12% requirement equates to a further £2.4m saving that will also be required. As noted above, the working assumption agreed with the Chamberlain is that those additional savings will start to be delivered during the course of the 2021/22 financial year but only fully realised for 2022/23. That's because they will largely be driven through the departmental realignment due to take place later this year as DBE is brought together with Open Spaces and Consumer Protection.
12. However, an understanding of the need for these further savings should not be lost as the steps proposed in this report to stabilise DBE's budget cannot be considered the end of this process. Further service efficiencies are likely to be needed in order to supplement changes delivered through the TOM, supported if possible by additional income as a consequence of a post-COVID economic recovery.
13. DBE's local risk expenditure is largely made up of two areas; staff costs and outsourced service contracts. Given the staffing structure will be the main focus of the TOM and the departmental realignment, the primary approach proposed to meet the immediate need of stabilising DBE's budget is through a root & branch review of those major contracts for cleansing, highway

maintenance and parking, as well as implementing further changes to services to in order to reduce costs or increase income.

14. This report outlines the proposals resulting from that root & branch review and aims to provide Members with an understanding of the reasoning and consequences behind the recommendations that are believed necessary to meet this budget challenge.

15. To be clear, that root & branch review fully acknowledged and appreciated the historic service standards the City has traditionally maintained in these areas, but the financial position DBE is facing in terms of setting a sustainable budget for the medium term has required officers to recognise that those standards are (in some cases) significantly higher when benchmarked against other authorities across London, and as such are out of step with what other authorities find affordable.

Port Health & Environmental Services Committee Proposals

- **Cleansing Services**

Service Changes

	Options	Recommend	Saving
1	Love Square Mile	Yes	£7K
2	Reduction in daily morning sweeping resource	Yes	£760K
	Reduction in weekday afternoon sweeping resource		
	Reduction in night-time resources		
	Reduction in weekend resources		
	Reduction in carriageway sweeping and washing/flushing		
3	Limited Attended Toilet closure: Royal Exchange and Eastcheap toilets	Yes	£125K
4	Full closure of APCs	Yes	£95K
5	Full closure of Urilifts	Yes	£45K
6	Additional Attended Toilet closure: Paternoster Square and Tower Hill toilets	No	£285K
7	Cessation of the Community Toilet Scheme	No	£45k
8	Additional reduction of daily street cleansing resources and frequencies	No	£265K

Love Square Mile

16. It is recommended that subscription to this mobile reporting application is ended when it expires in 2021. A low number of reports is received through this which can now be raised using the City website or redirected through the contact centre.

Cleansing resources reduction

17. Officers are recommending a significant reduction in cleansing (£760K) from April 2021. These changes will lead to a reduction in cleanliness, a visible lowering of on-street standards, and move the service to a more reactive position, with response times to all jobs being longer, some significantly. This reduction in service will achieve the minimum standards set out in the Environmental Protection Act 1990 (EPA 1990). This package of reductions would be taken from the following services:

- **Reduction in daily morning sweeping:**

The current contract specification requires that all streets receive a full manual sweep every morning by a dedicated on-street operative to achieve an enhanced grade A standard of cleanliness. This is detailed in Appendix 1. The proposed reduced service will aim to achieve a grade A level of cleanliness and focus on the high footfall areas and transport hubs with some streets with lower footfall not being swept every day. On days that these streets are not swept they will be maintained by daily litter clearance. This will result in more on-street litter around the City during the day which may not be cleared the same day. There will be more accumulations of detritus which may lead to increased weed growth during spring and summer and consequent additional costs in removal/treatment.

- **Reduction in weekday afternoon/evening sweeping:**

Currently there are dedicated on-street sweeping operatives who focus on maintaining high cleanliness standards in the high footfall areas and transport hubs during the afternoon and evening. If approved, the proposed reduction in this resource will result in the standard of cleansing dropping noticeably in the afternoon and evening. Some resources will be retained for the immediate areas outside transport hubs, but other areas will not be returned to minimum EPA 1990 standards until the following morning.

- **Reduction in night-time cleansing:**

This will reduce the service at night to a minimum requirement to respond to significant incidents of antisocial behaviour and emergency call outs. Some areas that have deteriorated during the evening and night will not be returned to minimum EPA 1990 standards until the morning sweep. This will include littering caused by the night-time economy that is not in the immediate vicinity of venues that are required to contribute to the night-time levy.

- **Reduction in weekend cleansing:**
This will reduce our service at weekends with the removal of sweeping operatives and responsive mobile crews. This will result in more litter and slower response times to non-emergency issues which may not be cleared the same day. This will put greater pressure on these resources to deal with the effects of the night-time economy, resulting in streets taking longer to return to an acceptable standard in the morning.
- **Reduction in carriageway sweeping and washing:**
Mechanical sweeping and carriageway washing will be reduced. This reduction in washing and sweeping will have an impact on staining and the build-up of detritus on pavements and roads, this will become more noticeable during the summer and extended periods of hot weather, resulting in weed growth.
- **General**
Overall, the above reductions will result in reduced cleanliness standards and leave services vulnerable to failure. Officers will continue to work with the contractor to mitigate this risk.

Public Convenience closures

18. The City's provision of toilet facilities in the Square Mile is made through a variety of facilities such as Attended Toilets, Automatic Public Conveniences (APCs), pop-up urinals (Urilift) and by businesses via the Community Toilet Scheme (CTS). A breakdown of toilet usage is provided in Appendix 2.
19. Officers have provided the following options for the reduction or removal of this provision as below. The savings for each service are indicated in the table above.
 - **Royal Exchange & Eastcheap Attended Toilets:** Officers recommend that these facilities are permanently closed. They have very low usage and poor access and egress, with alternative free facilities available at Cannon Street Station just 0.2 miles away. There are also many CTS and hospitality venues nearby with modern, adequate and accessible facilities. The facilities at Eastcheap are of Victorian design with significant accessibility issues and both toilets need significant investment and modernisation.
 - **APCs & Urilifts:** These facilities also have very low usage. Officers are confident that the remaining four APCs that are maintained by Danfo can be closed by terminating the existing maintenance contract. These toilets are located in private buildings and were installed as part of Section 106 arrangements with developers. However, officers believe that termination costs are negligible. The urilift facilities can be mothballed in situ saving their annual maintenance cost of £45,000.

- **Paternoster Square and Tower Hill Toilets:** The recommendation is to retain these two public conveniences. They are situated near the major tourist areas of the City recognising that many users are visitors who do not have access to facilities at their workplace or home. They both are of modern design and have good access and egress. Officers are of the view that this is the best approach and, in conjunction with an effective CTS, will still deliver good service provision. Officers will carry out a review of signage in conjunction with the management company of Paternoster Square so that the facilities are easier to find, increasing both convenience and usage.
- **Community Toilet Scheme:** Officers also recommend continuing with the Community Toilet Scheme which provides free public access to up to 75 toilets located in the Square Mile. The overall annual cost to the City of London is £45,000. The fee paid to participating businesses is £600 per annum and has not been increased since the scheme's introduction in 2011. The City funds partnerships with local businesses that are prepared to allow the public to use their facilities during normal opening hours, without the need to buy goods or services. Toilets are preferably Disability Discrimination Act 1995 (DDA) compliant and businesses are responsible for managing all toilet provisions. An Equalities Impact Assessment has been carried that recommends maintaining this provision if other facilities provided by the City are closed.

20. Officers recommend closing the Royal Exchange and Eastcheap attended toilets and the APCs and Urilifts (options 3 and 4 from the table above). If Members decide not to do this, then compensatory savings of £265K would need to be found, either from the other Attended Toilet Provision and/or the Community Toilet Scheme, or further reductions from the cleansing resources as detailed below.

Possible Compensatory Savings if Public Convenience Closures are not Agreed:

Further reduction of daily street cleansing resources and frequencies

21. If these savings are required from the street cleansing resources, then further reductions will need to be found from the street cleaning operation. The service will be limited to a weekly or fortnightly sweep for the majority streets in the City. Operatives who are scheduled to litter pick their beats will cover much larger areas and only remove large items of litter or other offensive/dangerous materials.
22. The impact of this will be significant and will result in many areas frequently being vulnerable to service failure. There are likely to be regular and significant breaches of the statutory requirements placed upon the City by the Environmental Protection Act (EPA) 1990 and detailed in the Code of Practice

on Litter and Refuse. Further details of required standards and implications for not meeting these requirements can be found at:
<https://www.gov.uk/government/publications/code-of-practice-on-litter-and-refuse>

23. The reduction in intensity of sweeping will lead to an increase in detritus and a possible increase in weed growth during spring and summer. There is likely to be a significant increase in complaints from residents and businesses in the City.

Other options considered

Officers have also considered the following but have not proposed them for the reasons detailed below:

- **Food waste collections:** This service is currently provided to all suitable residential properties in the City twice weekly. The vehicle and operative resources for this service are shared with other services provided and therefore the saving obtainable is minimal. The saving is likely to be in the region of £13,000 per annum. Additionally, provision of this service is required by the GLA and is likely to become a statutory requirement in England through upcoming government legislation.
- **Household daily collection:** Due to the nature of the City, historically the vast majority of residential buildings have been built with limited waste storage space. This means these properties need to be serviced daily to ensure their waste capacity is not exceeded. The savings achievable from reducing this service are difficult to confirm without conducting detailed trials as officers are unsure if it would be possible to reduce the overall resources required enough to remove a whole crew and vehicle. If achievable, these savings could be somewhere between a minimum of £42,000 to a maximum of £130,000 for removal of either part of a crew or a whole crew and vehicle. This would be done by reducing the collection frequency during the week. Officers believe that it is unlikely that we would be able to remove a whole vehicle from the service without causing serious risk to service standards and overall service resilience. Sufficient data will be available in the near future to enable various trials to be completed to identify the most efficient and effective refuse collection option. This efficiency opportunity will be kept under review.

Benchmarking

24. The City currently gets independent Local Environmental Quality (LEQs NI195) survey inspections carried out during the year. These inspections identify the percentage of areas that are found to have unacceptable levels of litter, detritus, flyposting and graffiti when surveyed. By comparison to the available London and National benchmarks, the City's results are historically excellent. However, the City is comprised of high intensity areas which require the highest standard under the EPA 1990. By comparing results with

neighbouring boroughs, the City has consistently achieved significantly higher LEQ survey scores. The changes recommended are likely to bring these scores in line with neighbouring boroughs. If approved there will need to revise our corporate LEQ target. Officers recommend that this target is changed from no more than 2% of LEQ surveys failing to meet EPA 1990 standards to no more than 5%. This is in line with the neighbouring boroughs as shown in the table below.

	Litter	Detritus	Graffiti	Flyposting	Overall	
2018/19	2.1%	0.61%	1.33%	0.78%	1.21%	City of London
2018/19	3.23%	2.42%	5.08%	0.74%	2.87%	Neighbour A
2018/19	3.8%	6.33%	6.21%	2.09%	4.61%	Neighbour B
2019/20	0.94%	0.28%	1.66%	0.39%	0.82%	City of London
2019/20	3.07%	3.33%	7.04%	1.64%	3.77%	Neighbour A
2019/20	5.28%	5.26%	3.43%	7.92%	5.47%	Neighbour B
2020/21	1.17%	0%	2.83%	0.5%	1.13%	City of London
2020/21	5.26%	2.12%	7.54%	2.82%	4.44%	Neighbour A
2020/21	4.72%	2.85%	14.24%	4.86%	6.67%	Neighbour B

This table details the percentage of streets that are found to have failed to reach acceptable standards when inspected by Keep Britain Tidy completing their LEQ street cleanliness surveys in neighbouring boroughs.

25. It should be noted that whilst this percentage increase in surveyed streets that are found to be unacceptable recorded through the LEQ survey target appears low, the impact on the street environment is likely to be noticeable. The service will become more reactive, by responding to reports and complaints of areas that require significant or urgent attention and maintaining the streets using a mixture of litter clearance, manual sweeping and mechanical cleaning. The recommended options should enable the City to just meet and maintain the statutory requirements of the EPA 1990.

Key Performance Indicators

26. The City have well established detailed contractual response times for cleansing requests dealing with such things as graffiti, antisocial residue, fly tipping, etc. These are built into the contract and are dependent on the current resource levels. A reduction in resources will inevitably lead to longer response times for all jobs, some significantly, and officers will need to agree new contractually binding targets with the Veolia.

27. Officers will need to work closely with Veolia to achieve these changes. If agreed these changes will be incorporated into the contract governance and will affect contract Key Performance Indicators (KPIs) which will also need to be rebased. There will need to be some significant changes to IT systems that run and manage the contract, along with their integration with the City's Firmstep platform.

Financial Implications

28. To summarise, it is recommended that options 1-5 of the above items within DBE's services for the Port Health & Environmental Services are accepted, totalling an estimated £1.032M.
29. It is also recommended that the Committee support the transfer of Lord Mayor's Show recharges outlined in the Planning & Transportation Committee proposals, of which £50k relates to Cleansing operations for the Show (see paragraphs 75-80).
30. The total saving for Port Health & Environmental Services Committee from the recommended items is therefore £1.082M. This would be sufficient to meet the "Savings to be Applied" of £1.074M incorporated into the 2021/22 budget as set out in the Chamberlain's report to Port Health & Environmental Services Committee in order to remain within the available resource envelope.
31. To reiterate, should Members agree that some of these items should not be agreed as recommended, then offsetting items would need to be identified from the remaining Red items set out for either Committee.
32. There could be potential redundancy costs passed back from Veolia. These would be one-off costs which are unknown at this stage. The City could also face significant charges to implement the required system changes detailed above and possibly introduce a weed control program.
33. The closure of the Danfo APCs may incur some costs in relation to the s106 agreements they were provided under. Officers are discussing the exit provisions in the Danfo contract with the Comptrollers and Solicitors office to identify risk and minimise costs.
34. The contract provides mechanisms for making these changes to the service provision through the governance and change control procedure. Officers have reviewed the contract in consultation with Comptrollers and do not believe there will be any penalty costs for changes to the formal contract.

Risk Implications

35. The recommended savings options would be a significant reduction in front-line services. The City is likely to see significantly more litter around the Square Mile and more accumulations of detritus leading to staining and weeds on the pavements and carriageways during spring and summer. This is likely to result in a significant increase in complaints and could lead to reputational issues.
36. The City's response to Covid-19 has changed the street scene with new road layouts, pedestrian and cycle lane infrastructure, vehicle-free areas, outdoor seating, and encouraging outdoor drinking and eating has created new cleansing challenges that are likely to increase as people return to the City. Officers are not fully clear on how these changes will affect the City's

cleansing requirements, but it is highly likely that this will require more manual sweeping and will take longer. Officers will use the Clean Street Partnership to ask businesses in the affected areas to take some additional responsibility for cleansing these locations. Officers will also investigate the possibility of including an additional charge to cover these additional cleansing resources in the licensing fee for businesses that use pavement space. This would be in full consultation and agreement with relevant departments and committees.

Planning & Transportation Committee Proposals:

- **Highways, Parking & Traffic Management**

Background

37. The City Corporation is the Highway, Parking & Traffic Authority for all the public highway and City walkway areas in the Square Mile, except for those streets that fall within the Transport for London Road Network (or 'Red Routes').
38. As such it has a series of primary statutory duties relating to maintaining a safe highway, to managing traffic and coordinating activities on its streets, delivered by the Department of the Built Environment on behalf of the Planning & Transportation Committee. These functions are then undertaken in accordance with the objectives set out in the City's core policy documents such as the Corporate Plan, the Transport Strategy and the Air Quality Strategy, linking DBE's departmental Business Plan to a funding envelope that allows individual service standards to be set.
39. In terms of those services, DBE is therefore responsible for managing and maintaining the City's streets, footways and walkways, including:
 - inspecting them for defects, undertaking repairs and resurfacing
 - changing or enhancing streets, through major projects or in conjunction with developments
 - maintaining signs, bollards, street furniture, nameplates and drainage
 - looking after powered & illuminated street furniture in the City, from road signs to street lights
 - enforcing waiting, loading and moving traffic restrictions through the issuing of Penalty Charge Notices
 - providing parking facilities, both on-street in parking bays and in car parks, the latter in commercial competition with the private sector
 - the licencing, authorisation and coordination of a variety of on-street activities, including scaffolds, hoardings, utility excavations, parking bay suspensions, special events and road closures.
40. DBE delivers these services in partnership with two main suppliers through competitively tendered outsourced contracts. They are:
 - JB Riney for highway maintenance, highway construction and electrical works including street lighting

- Saba for parking enforcement services and car park management, albeit these are operated under separate contracts having been awarded through two separate tender processes.

41. Both Riney and Saba have an excellent track record in terms of the services they provide to the City, consistently delivering on their key performance indicators, operating within budget and performing with the minimum of disruption & complaint without contractual claims. They are managed by two small client teams within DBE for the respective contracts, with the Riney contract benchmarked several times to confirm the rates for materials and works remain highly competitive.

42. Otherwise, to note the licensing & coordination process for activities on the highway is delivered direct by DBE, with the City retaining the authority to set fees & charges for those consents albeit on a cost recovery basis. The other key DBE 'in-house' function to note is the Parking Ticket Office that considers representations & appeals against PCNs which must be independent of the enforcement contractor, Saba.

Service Change Proposals

43. In the context of the need to identify £2.2m from DBE's budget across the remits of both Committees, the combined review a services led officers to estimate a figure of £1.14m was a challenging but achievable target from within Planning & Transportation Committee's responsibilities, taking into account what is similarly achievable in terms of the parallel review of Cleansing services for the Port Health & Environmental Services Committee.

44. This is based on service changes officers believe can reasonably be made without putting at risk the City's statutory responsibilities and the reasonable expectation of how an effective service can function. Many aspects of these functions are fixed (such as the cost of materials from Riney and staff salaries to Saba), so savings typically have to be identified in terms of changing the way these functions are delivered or simply by reducing or stopping a particular activity.

45. In order to meet this challenge within the revised budget envelope for DBE as a whole, a root & branch review was undertaken across the three areas for which DBE and the Planning & Transportation Committee are responsible, namely:

- Highway Maintenance
- Parking Services
- Traffic Management (including special events & licencing activities)

46. To provide some context, the overall expenditure budgets for key aspects of the highways and parking services in 2020/21 were approximately:

- £1.2m highway repairs & maintenance
- £425k for resurfacing

- £850k for lighting repairs & energy
- £355k for highway inspections, street furniture repairs & other bespoke items
- £1.7m for managing car parks, the majority of which relates to front line Saba staff paid London Living Wage
- £910k for car park premises costs eg rates & energy
- £3m for parking enforcement suppliers

47. A further breakdown of these budgets, as well as staff costs for DBE as a whole, can be found in Appendix 3, and are also contained within the Chamberlain's report to be found elsewhere on this Committee's agenda. However, as noted earlier, large elements of these budgets are fixed (such as contractor staff salaries, rates for materials, energy costs and business rates for premises), leaving a much reduced scope within which to make effective savings.
48. The parking service as a whole is also limited in terms of where budgets can be reduced. The option of reducing the number of civil enforcement officers enforcing the City's parking restrictions would have a disproportionate effect on income as well as the delivery of the Transport Strategy, road safety & congestion. CEOs cannot simply be replaced by CCTV cameras because cameras are limited in law to what they can enforce, and therefore the majority of contraventions can only be enforced on foot. In terms of DBE's car parks, with recent tariff increases they provide a net financial benefit to the department, and therefore significant service changes such as closing car parks are not proposed at this time. As a result, despite the financial commitment to Saba for delivering these parking functions, there is limited scope for savings as reductions in service would cost more than the money they save.
49. Members should note that PCN income (currently £16.4m) is considered Central Risk and therefore outside the scope of these proposals. That means although the cost of managing the parking service is within scope, focusing on raising additional income by simply issuing more PCNs is not an appropriate course of action.
50. Therefore, in terms of the outcomes from that root & branch review, a number of potential options for efficiency savings (or opportunities for increased income) were identified, largely around the highway maintenance function. These were then assessed as Red / Amber / Green based on their service or reputational impact and their ease & pace of delivery. Those deemed Amber or Green are set out in the table below with short summaries detailing the implications of each.
51. Those deemed Red are subject to more detailed explanation later in this report, but it is highly recommended that those proposals considered Amber or Green are accepted as their individual and collective implications can be delivered with manageable impacts on service delivery. To be clear, not accepting any individual Amber or Green item in the table below would require an offsetting amount to be identified from amongst the Red items.

Amber & Green Recommendations

Area	RAG	Item	Saving Value (£k)	Existing Budget (£k)
Highways	A	Reduced highway inspection frequencies, with all streets to be inspected for defects once a month rather than some inspected fortnightly as now	35	135
	A	Revised urgent repair callout process, reducing the response time from three hours to 24 hours	65	265
	A	Energy savings resulting from the LED lighting project, with further street by street lighting reductions where deliverable	50	425
	A	Reduced festive lighting commitments	10	30
	A	Reduced funding for minor City Transport works	40	80
	G	Reduced coring (testing) of utility reinstatements	5	10
	G	Absorbing the cost of new street nameplates into the wider budget	10	10
	G	Including the annual Riney contract rebate (a % of turnover) in budget estimates rather than as a 'windfall' benefit	50	N/A
	G	Reduced lighting repairs as a result of the recent investment in new LED lighting equipment	50	200
Parking	A	Adjusting the car park night shift coverage to a roving patrol between car parks instead of a static position at each one	116	261
	A	Allowing Saba to reduce on-street parking enforcement staffing by adjusting minimum labour requirement KPIs	116	928
	G	A negotiated cost saving resulting from extending various parking contracts prior to a full retender of the service in 2022	78	3,945
Traffic Management	A	An increase in fees & charges from April 2021 (bringing forward the next increase, previously planned for April 2022)	250	N/A
	G	No staff cover on Sundays for monitoring highway activities, reducing overtime costs	16	40
TOTAL SAVINGS / ADDITIONAL INCOME			891	

52. The combined impact of these service changes is expected to realise £891k from local risk budgets with manageable risks and consequences on service delivery and as such are recommended.

53. However, to reiterate, should Members decide not to approve any individual item, an offsetting amount would need to be identified from amongst the Red items in the table below.

Red Proposals

54. In addition to the £891k savings identified above, a further £250k is still required as a minimum to contribute towards the overall savings target of £2.2m. These options assessed as Red by officers have more significant implications when compared to those outlined above.

Area	RAG	Item	Saving Value (£k)	Existing Budget (£k)
Highways	R	Reduced footway repairs as a result of reduced 'intervention levels' and greater reuse of used paving materials	50*	210
	R	Reduced carriageway repairs as a result of reduced 'intervention levels'	50*	425
	R	Reduced contingency budgets & bespoke street furniture maintenance	29*	169
	R	Further festive lighting reductions	10	30
Parking	R	Introduce charging for on-street motorcycle parking	100	N/A
Traffic Management/ Cleansing	R	Transfer of Lord Mayor's Show local risk costs	120*	120
TOTAL SAVINGS / ADDITIONAL INCOME			359	

* These options are the ones recommended in the subsequent paragraphs.

55. As detailed above, these potential Red proposals could result in a total saving of £359k, which is £109k more than the £250k required contribution, assuming all Amber & Green proposals are accepted. Each of these proposals is potentially challenging, with the following paragraphs setting out the issues involved. Officers have proposed on balance which items might be most appropriate to accept but sought to provide Members with an understanding of other potential options should your Committee wish to consider alternatives.

Highway Maintenance

56. In terms of highway maintenance, the City has historically set quality standards that represent some of the highest in London, allowing the City to maintain its streets with a consistent, high quality & sustainable palette of

materials to a level where they are very few persistent defects and limited successful claims for slips, trips and falls.

57. The Riney contract has delivered this outcome by joining up a number of separate functions to ensure a lean and efficient process, with the service having to absorb the consequences of previous budget reductions and still meet the contract specification for service standards.

58. In particular, those reductions in budget have seen funding available for resurfacing reduce from £620k in 2010 to the current £425k, and despite steps being taken to offset that reduction through more data-led decision making, the gradual long-term deterioration of the highway is evidenced through our annual surveys.

59. Over the last few years, departmental underspends and funding injections from development schemes, highway projects and Transport for London have offset this increasing local risk funding gap for resurfacing. However, the underlying trend is that these additional sources are drying up, and an expectation of maintaining the City's streets to their historic high standard is no longer sustainable given the budget currently available.

60. Similar budgetary pressures have been felt for some time across the highway sector, leaving other authorities to already adjust their standards. That has left the City out of step in terms of how it defines the size of defect requiring a repair (the intervention level), and although the City's current intervention levels of 15mm for footway defects and 25mm for carriageway defects was originally aligned with Westminster, the latest benchmarking survey suggests Westminster and others have moved (in some cases) considerably away from this standard.

Highway Authority	Footway Intervention Levels	Carriageway Intervention Levels
City of London	15mm	25mm
Camden	20mm	30mm
Hackney	20mm	40mm
Tower Hamlets	25mm	40mm
Westminster	20mm	50mm
Southwark	25mm	40mm

61. In addition to the above, the City is also now out of step in terms of the frequency of highway safety inspections compared to other boroughs. Benchmarking has shown that category A high priority roads are typically inspected monthly in other boroughs, with quieter locations being inspected on a three to six monthly basis. By comparison, the City requires Riney to inspect our category A roads every fortnight and all other roads monthly.

62. Government guidance on inspecting and repairing highways is not prescriptive about the intervention level or the frequency of inspection but instead emphasises the need for a risk-based approach and a sustainable funding solution to deliver a safe highway. It is clear from the above that the

City is now out of step with other authorities on both counts, and by realigning its contract specifications with the industry norms, a risk-based approach can be maintained within a more affordable budget envelope.

63. When taken together with the Amber changes noted above for revising the inspection frequency and urgent repair callout process (totalling £100k), a change in intervention levels to a more typical standard for London (eg 20mm for footways and 40mm for carriageways) will likely result in a highway surface more typical of other authorities.
64. However, it's projected they would enable a reduction in highway repair budgets of £100k from the Red item list above, albeit a revised risk-based approach would still allow the City to maintain a safe highway by industry standards. As a result, these changes to highway intervention levels are recommended.
65. In addition to this, it is also recommended to reduce the City's contingency budget in line with this approach by £29k. This budget typically helps address bad weather events to maintain the current specification standard, or to repair damaged bespoke street furniture that could not otherwise be afforded from normal budgets. In terms of this latter element, this could be offset by a greater focus on securing commuted sums for on-going maintenance when such items are first installed.
66. Finally under highway maintenance, it should be noted that officers did consider the option of moving towards cheaper materials, such as concrete paving rather than York stone. Analysis of the amounts spent on new paving suggested the gains would be marginal given current materials are slightly more expensive because of their durability but their whole-life cost is more efficient & sustainable compared to cheaper alternatives. As a result, this has not been included in the assessment of options.

Festive Lighting

67. DBE provide a number of festive lighting installations over the Christmas period totalling £30k. A £10k reduction is recommended in the Amber list of items which takes into account various proposals such as Open Spaces providing their own lighting at St Paul's and a removal of Christmas lights at less well-known locations.
68. A further £10k reduction is included as an option within the Red list which would require a more noticeable withdrawal of this service, such as the cessation of the lights at Bow Lane (typically switched on by the Lord Mayor's wife each year) and on Cheapside. Although it might be possible to consider whether the Cheapside BID could contribute to the costs of these temporary fixtures, it is thought that in a likely post-Covid scenario, these highly attractive and popular installations would be considered essential to maintaining the City's welcoming look & feel, supporting business recovery in this key retail area.

69. As such, this Red saving of £10k is not recommended at this time.

Parking

70. The Transport Strategy approved by Members included the concept of introducing charging for motorcycles to park on-street in the Square Mile as a means of controlling demand for road space, of better promoting the use of off-street parking facilities and to help reduce emissions in the long term.

71. A fee for motorcycle parking was first introduced by Westminster City Council several years ago and officers are aware that other authorities adjacent to the City are now considering similar schemes for the same reasons as the City Corporation.

72. In parallel to this financial review, officers were looking to bring a report on this matter to your Committee in the second half of 2021 proposing a consultation on introducing such a scheme before the necessary traffic orders could be made and the wider publicity begin.

73. It is feasible to seek to accelerate this process and to consider introducing these measures before the end of 2021, enabling a degree of income to be included in this review process. However, given the likely debate & discussion this proposal is expected to attract, it is thought appropriate to remain within the existing timetable and to take a more measured approach.

74. If Members do eventually approve the concept of motorcycle charging then the anticipated income could be counted against the further savings expected in 2022/23, but for the moment this Red proposal of £100k in additional income is not recommended.

Lord Mayor's Show

75. Certain aspects of delivering the Lord Mayor's Show currently fall on DBE's City Fund local risk budget. This includes the provision of crowd control barriers & traffic signs, the removal of street furniture, temporary toilet provision and sanding & sweeping the route.

76. Currently those costs amount to £120k (£70k within Planning & Transportation Committee and £50k within Port Health & Environmental Services Committee) but the Show is unique in that for all other events on the highway, including those supported by the City, the event organiser is either expected to deliver these functions themselves or to fund them if provided by DBE. For the Show, the event organiser is Lord Mayor's Show Ltd and therefore it is questionable whether City Fund budgets should be supporting it in this way.

77. In addition, these costs are largely dependent on the requirements of the Show and therefore somewhat outside DBE's control. Without a Show in 2020 these amounts were saved, but in previous years DBE's local risk budget was expected to contribute to security protection for the Show, and these requirements are expected to increase further in future to include additional

stewarding costs and alternatives to the fireworks (previously funded from central risk contingency budgets).

78. A review of funding these aspects of the Show is therefore recommended to deliver a sustainable funding solution for the medium term. Using City Fund budgets appears inappropriate and unsustainable, and in consultation with the Chamberlain, Town Clerk and Remembrancer, it is proposed to consider alternatives such as moving costs to City's Cash or recharge to Lord Mayor's Show Ltd.
79. Such proposals would be subject to approval of Policy & Resources Committee who have the overarching remit for the City's support to the Show but in the context of this report, this would represent a saving to DBE Local Risk.
80. Therefore this Red saving of £120k is recommended, subject to the subsequent approval of the Policy & Resources Committee.

Planning & Transportation Committee Summary

Financial Implications

81. To summarise, it is recommended that all of the above Amber and Green items within DBE's services for the Planning & Transportation Committee are accepted, totalling an estimated £891k.
82. It is also recommended that four additional items are accepted from the Red items totalling an estimated £249k, namely:
- Reduced footway repairs as a result of reduced 'intervention levels' and greater reuse of used paving materials
 - Reduced carriageway repairs as a result of reduced 'intervention levels'
 - Reduced contingency budgets & bespoke street furniture maintenance
 - Transfer of Lord Mayor's Show costs from local risk (of which £50k falls within PH&ES budgets), subject to the subsequent approval of the Policy & Resources Committee.
83. The total saving for Planning & Transportation Committee from the recommended items is therefore £1.09m, which is sufficient to meet the required saving in order to remain within the available resource envelope. In the Chamberlain's separate report to the Planning & Transportation Committee, this is set out as savings already allocated to individual budgets of £785k and "Savings to be Applied" of £307k.
84. To reiterate, should Members agree that some of these items should not be agreed as recommended, then offsetting items would need to be identified from the remaining Red items set out for either Committee.

Risk Implications

85. In terms of the proposals set out for Planning & Transportation Committee, the key risk is that the changes in service standards for highway maintenance will result in a noticeable change in the condition of the highway over time that may not align with the expectation of City stakeholders.
86. In addition, with less frequent inspections, lower intervention levels and reduced response times, there may be an increase in pedestrian claims due to more slips, trips and falls, and from vehicle owners due to damage from potholes. Pedestrian claims against the City are currently extremely low by comparison with other authorities and claims from drivers virtually non-existent.
87. These risks are offset by the fact the proposed service standards are benchmarked against those found elsewhere in Central London and enable the City to maintain a risk-based approach to managing the safety of our highway within the newly affordable budget envelope.
88. To be clear, the success rate for claims is typically based on whether an authority has a reasonable & appropriate process in place and that it follows that process, rather than the specific intervention level. As a result, changing the standards as set out in this report may not necessarily result in an increase in successful claims.
89. Other risks from these recommended budget changes are less significant but will nevertheless affect DBE's ability to:
- Absorb future industry wide increases in energy costs
 - Fund minor changes to the highway outside of major projects & schemes
 - Monitor the highway and respond to issues on Sundays
 - Check utility reinstatements for quality control purposes
 - Maintain a fixed overnight presence in the City's car parks

Corporate & Strategic Implications

Resource Implications

90. As can be seen in Appendix 1, the DBE client team involved in managing these respective contracts is relatively small compared to the size of the contracts themselves. Most of the day to day management of the functions delivered by Veolia, Riney and Saba are undertaken by the respective contractors, with the City providing contractual oversight through sample checking and Key Performance Indicators. As such there are no staffing resource implications for permanent staff within DBE from making the above changes, with the respective contractors expected to absorb those that may impact them through appropriate notice periods or redeployment if required.

91. In terms of opportunities for alternative or additional staff savings with DBE as a whole, most existing vacant posts have been deleted as part of the budget balancing exercise for 2020/21, and until such time as the TOM review takes place, no additional recruitment to create or backfill newly vacant posts (eg due to staff leaving the organisation) can take place without stringent business case approval from the Town Clerk and HR.

92. Otherwise it is expected that the TOM will lead to a review of the new combined departmental structure during the course of this year, and that as the new department starts to take shape, efficiencies will need to be identified at that point to contribute towards the £2.4m TOM saving.

Strategic & Legal Implications

93. In agreeing how the City Corporation delivers its services, Members must be mindful of the City's statutory duties, core responsibilities and strategic priorities, as well as the need to set a balanced budget.

Climate, Equalities & Security Implications

94. None

Conclusion

95. This report sets out a series of service changes under both Committees that when taken together allow the City to continue to meet its statutory functions but do so within the budget envelope agreed by Resource Allocation Sub Committee, taking into account the strategic priorities of the organisation, benchmarked against similar services provided by other public bodies

Appendices

- **Appendix 1 - Street Cleansing requirements from the Environmental Protection Act 1990. As laid out in the Code of Practice on Litter and Refuse 2006 (modified 2019)**
- **Appendix 2 – Public Convenience Usage Figures**
- **Appendix 3 – DBE Budget breakdown**
- **Appendix 4 – PH&ES Budget Breakdown**

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Appendix 1 - Street Cleansing requirements from the Environmental Protection Act 1990. As laid out in the Code of Practice on Litter and Refuse 2006 (modified 2019)

What is the purpose of the Legislation cited?

1.1 The Environmental Protection Act 1990 imposes duties under section 89(1) and (2) on certain landowners and occupiers (referred to throughout as 'duty bodies' and described in detail at section 3.2) to keep specified land clear of litter and refuse, and on local authorities and the Secretary of State to keep clean public highways for which they are responsible. This document provides a practical guide to the discharge of these duties.

The City is classified as an area of High intensity use as per the following section:

Areas which, through intense pedestrian and/or vehicular movements, are prone to fluctuations in litter and refuse and require both high levels of monitoring and frequent cleansing.

- Primary and secondary retail, office & commercial areas.
- Publicly accessible areas in and around transport interchanges in busy public areas (most likely to be major airports, ports, harbours, bus, train, and tram passenger stations in cities and town centres, and car parks).

What specific obligations does this place on the City in terms of standards of street cleanliness?

Duty bodies are expected to set their cleansing schedules so that they meet the duty to keep their relevant land clear of litter and refuse, and highways clean.

In some areas, these standards can be effectively maintained during daylight hours. However, in others longer hours of management are required, for example, in town and city centres. If the standard in high intensity areas should fall to an unacceptable level during the evening, it should be restored to grade A by 8am. Good practice would be that grade A is achieved earlier, by the time the area begins to get busy. This applies to weekends and bank holidays as well as weekdays.

There will be circumstances, which, in the interests of responsibility and/or health and safety, require managers to respond far quicker than the maximum response time. For example, should drugs needles be found on a school playground, or any items of litter be found on an airport runway, it is expected that these objects be removed as a matter of priority, well before the maximum response time. It is recommended that for drug-related litter, duty bodies respond within 3 hours of a report.

When there is an accumulation of material that is potentially hazardous to health (for example waste food), duty bodies should remove this at the earliest practicable opportunity.

Appendix 1 - Street Cleansing requirements from the Environmental Protection Act 1990. As laid out in the Code of Practice on Litter and Refuse 2006 (modified 2019)

What Specific obligations does this place on the City in terms of standards of response times?

In addition to the requirement to ensure all high intensity areas are restored to grade A by 8am each day, there are maximum response times for cleaning an area that has become adversely affected by litter, refuse, and/or detritus.

Response time for high intensity areas - 1/2 a day. This means by 6pm if reported before 1pm or by 1pm the next duty day if reported between 1pm and 6pm on the previous day.

What are the implications if the Duty body does not meet its duty to maintain these standards?

As a last resort, if acceptable standards of litter and refuse are not met, response times have been set by which land must be returned to an acceptable standard. Duty bodies that allow their land to fall below acceptable standards for longer than the allowed response time may be subject to a Litter Abatement Order (section 91) or a Litter Abatement Notice (section 92) issued under the Environmental Protection Act 1990.

The time periods given are maximum response times for cleaning an area that has become adversely affected by litter, refuse, and/or detritus (where applicable). The caveat in the litter duty concerning practicability is very important. On some occasions, circumstances may render it impracticable for the body under the duty to discharge it. It is for the courts to agree whether or not it was impracticable for a person under the duty to discharge it.

What are the grades of cleanliness referred to?

The graded standards shown below are as defined in the original Code of Practice on Litter and Refuse issued under section 89(7) of the Environmental Protection Act 1990. These four grades also correspond to the scales used by local authorities for recording levels of street cleanliness for best value indicator BV199.

Appendix 1 - Street Cleansing requirements from the Environmental Protection Act 1990. As laid out in the Code of Practice on Litter and Refuse 2006 (modified 2019)

For litter and refuse:

Grade A: No litter or refuse

Grade B: Predominately free of litter and refuse apart from some small items

Grade C: Widespread distribution of litter and/or refuse with minor accumulations

Grade D: Heavily affected by litter and/or refuse with significant accumulations



Grade A

No litter or refuse



Grade C

Widespread distribution of litter and/or refuse with minor accumulations



Grade B

Predominately free of litter and refuse apart from some small items



Grade D

Heavily affected by litter and/or refuse with significant accumulations

Appendix 1 - Street Cleansing requirements from the Environmental Protection Act 1990. As laid out in the Code of Practice on Litter and Refuse 2006 (modified 2019)

For detritus (to be removed on metalled highways and recommended to be removed on all hard surfaces):

Grade A: No detritus

Grade B: Predominately free of detritus except for some light scattering

Grade C: Widespread distribution of detritus with minor accumulations

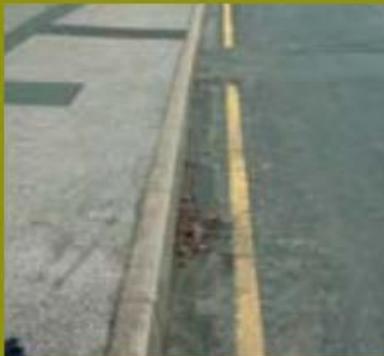
Grade D: Heavily affected by detritus with significant accumulations



Grade A
No detritus



Grade C
Widespread distribution of detritus with minor accumulations



Grade B
Predominantly free of detritus except for some light scattering



Grade D
Heavily affected by detritus with significant accumulations

Appendix 1 - Street Cleansing requirements from the Environmental Protection Act 1990. As laid out in the Code of Practice on Litter and Refuse 2006 (modified 2019)

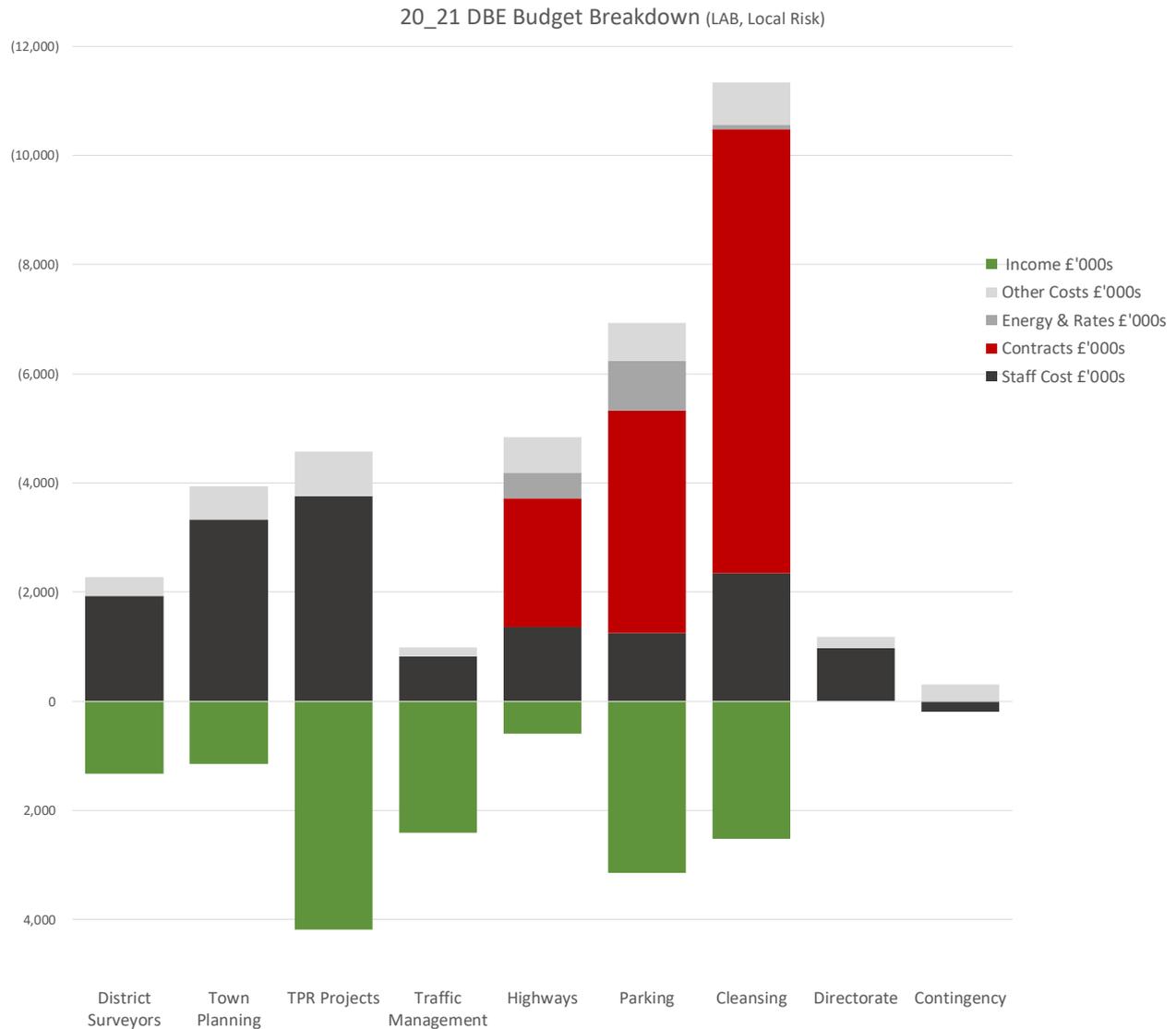
Enhanced Grade A Standard

Historically, and under the current contract, the City requires an enhanced cleansing standard from the Grade A laid down in the Code of Practice on Litter and Refuse above. The Enhanced Grade A standard required includes the eradication of weeds, cleaning of gully gratings, emptying of litter bins, removal of litter from horse troughs, fountains, other street furniture and tree bases, removal of unauthorised advertising, removal of unauthorised flyposting from streets (including those placed on railings and street furniture), the removal of litter from ledges, steps and behind railings of buildings abutting the street (provided that this litter may reasonably be reached from ground level) and shall include the removal of any accumulations of dust. Operatives are also expected to remove smaller items of graffiti using wipes or similar, and to remove cable ties using suitable cutters. This Enhanced Grade A Standard enables the City to maintain some of the cleanest streets in the UK.

Appendix 2 – Public Convenience Usage Figures

	APCs	Paternoster Square	Tower Hill	Royal Exchange	Eastcheap	Total
2017/18	11,000	168,000	548,000	44,000	48,000	819,000
2018/19	9,000	80,000	616,000	32,000	28,000	764,000
2019/20	9,000	74,000	550,000	30,000	26,000	689,000

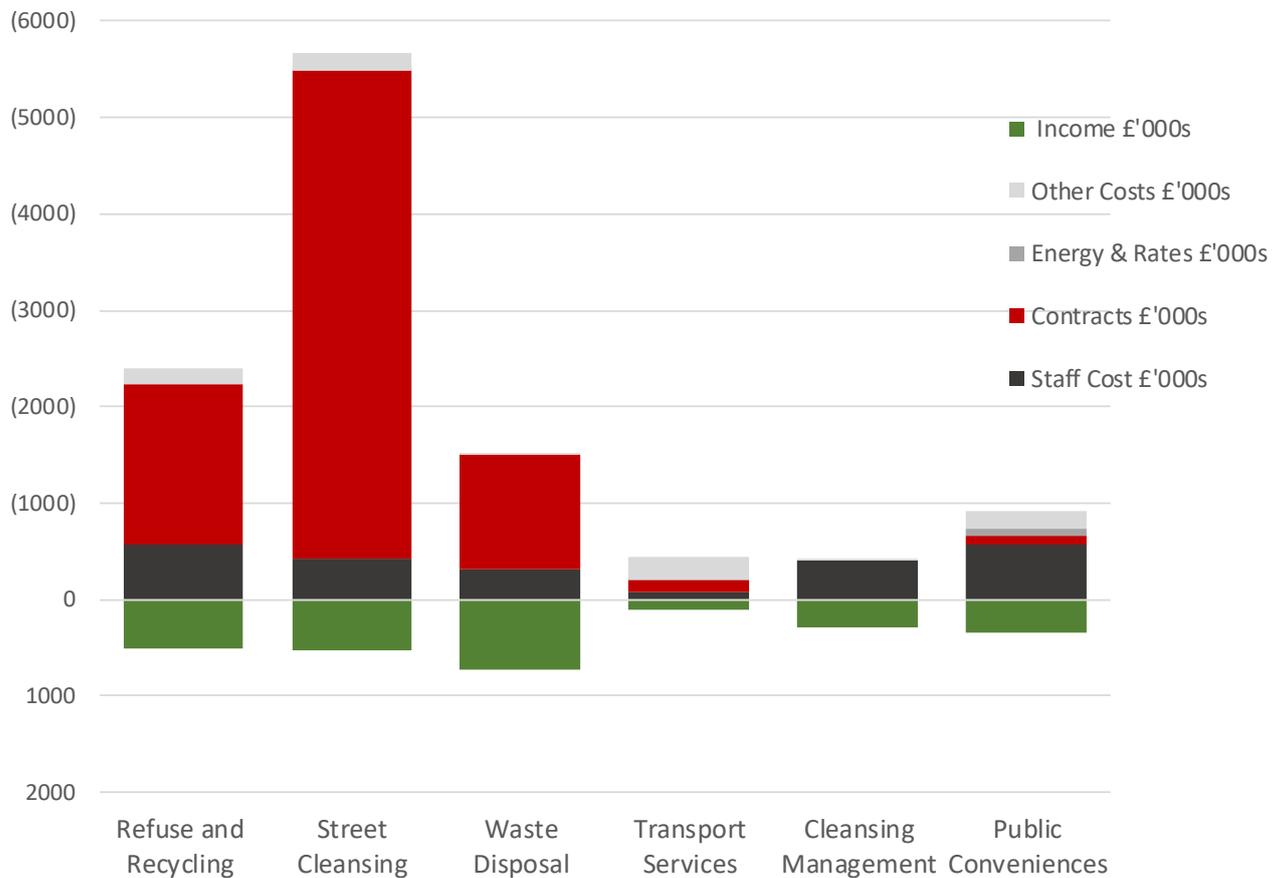
Appendix 3 – DBE Budget Breakdown



FY 20_21 LAB	Staff Cost £'000s	Contracts £'000s	Energy & Rates £'000s	Other Costs £'000s	Total Cost £'000s	Income £'000s	Net £'000s
District Surveyors	(1,926)	0	0	(351)	(2,277)	1,326	(951)
Town Planning	(3,326)	0	0	(608)	(3,934)	1,152	(2,782)
TPR Projects	(3,756)	0	0	(821)	(4,577)	4,189	(388)
Traffic Management	(815)	0	0	(165)	(980)	2,407	1,427
Highways	(1,354)	(2,359)	(471)	(653)	(4,837)	600	(4,237)
Parking	(1,249)	(4,078)	(912)	(687)	(6,926)	3,150	(3,776)
Cleansing	(2,336)	(8,135)	(84)	(779)	(11,334)	2,523	(8,811)
Directorate	(973)	0	0	(205)	(1,178)	0	(1,178)
Contingency	196	0	0	(310)	(114)	0	(114)
DBE Total	(15,539)	(14,572)	(1,467)	(4,579)	(36,157)	15,347	(20,810)

Appendix 4 – PHES Budget Breakdown

20_21 PHES Budget Breakdown (LAB)



FY 20_21	Staff Cost £'000s	Contracts £'000s	Energy & Rates £'000s	Other Costs £'000s	Total Cost £'000s	Income £'000s	Net £'000s
Refuse and Recycling	(560)	(1676)	0	(154)	(2390)	512	(1878)
Street Cleansing	(424)	(5065)	(2)	(172)	(5663)	521	(5142)
Waste Disposal	(319)	(1181)	0	(11)	(1511)	733	(778)
Transport Services	(79)	(118)	(10)	(226)	(433)	115	(318)
Cleansing Management	(395)	0	0	(21)	(416)	300	(116)
Public Conveniences	(559)	(95)	(72)	(195)	(921)	342	(579)
Cleansing Total	(2336)	(8135)	(84)	(779)	(11334)	2523	(8811)