

Committee(s):	Date(s):	Item no.
Port Health & Environmental Services Finance Committee	1st May 2012 1st May 2012	
Subject: Department of the Built Environment - Unidentified Savings 2012-13		Public
Report of: The Chamberlain Director of the Built Environment		For Decision

Summary

The Director of the Built Environment has significant pressure on his budgetary resources arising from the effects of the economic downturn on building control income and from changes to the building control charging regime. This has resulted in unidentified savings for 2012/13 revenue estimates of £320,000.

There is further pressure from the impact of the Agency Workers Regulations (AWR) 2010 on the costs of the public convenience service resulting in an increase in staffing costs of £180,000 per annum.

The Director is therefore seeking Members agreement to utilise the balance on the Landfill Allowance Trading Scheme Reserve (LATS) to assist in meeting the immediate shortfall in his resources; the balance no longer being required for its original purpose.

Recommendations

The Committee is requested to:

- note the pressures on the Director's local risk resources for 2012/13;
- agree the funds available in the LATS reserve may be used in 2012/13 and any remaining balance in 2013/14 to ease the pressure on the Director's budgetary resources subject to Finance Committee approval.

Main Report

Background

1. The Revenue and Capital Budgets 2011/12 and 2012/13 report approved by Planning & Transportation Committee on 10th January 2012 stated that there were significant pressures within the Director of Built Environment's 2012/13 budget arising from the effects of the economic downturn on building control income and from changes to the building control charging regime following the introduction of 'The Building (Local Authority Charges) Regulations 2010'. A further saving of £320,000 was required to contain the 2012/13 budget within the resources currently approved. In order to present the budget within the currently approved resource allocation a balancing item had been included as an 'Unallocated Saving'.
2. The Agency Workers Regulations 2010 came into force on 1 October 2011 and after twelve weeks employment agency workers are entitled to the same

terms and conditions as if they were employed directly. This includes basic pay, holidays, overtime and any bonus payments linked to performance.

3. The Revenue and Capital Budgets 2011/12 and 2012/13 report approved by Port Health and Environmental Services Committee on 24 January 2012 advised that the impact of this equal pay legislation would increase the cost of public convenience provision by an estimated £200,000 per annum with effect from 24 December 2011 and that work was currently underway to reduce this cost as far as possible by looking at more efficient ways of working, and that any remaining increase would be addressed separately after that work was completed.
4. The LATS Reserve was approved by your Committee and the Finance Committee in July 2006. The purpose of the Reserve was to retain income from the sale of Landfill Allowances to fund the future purchase of Landfill Allowances together with the increases in the cost of waste disposal due to changes in the method of disposal in order to meet landfill targets.

Current Position

5. The Director has sought to eliminate the budget short fall resulting from the reduction in Building Control Income from within his own local risk resources as far as possible and has identified savings of £146,000 as shown in Table 1 below:-

Table 1 – Savings identified

	2012/13 Original Budget £000	2012/13 Revised Budget £000	Movement Increase (Decrease) £000
Departmental Training Budget	117	87	(30)
Cleaning Contract	112	76	(36)
Building Control Income	(1585)	(1665)	(80)

6. Additionally negotiations have taken place with the CoL agency workers contractor for public conveniences, (Comensura). Shift patterns have been revised where practical to limit the impact of the increase in rates as far as possible. This has resulted in a reduction in the estimated annual increase from £200,000 to £180,000 per annum.
7. The balance of £300,000 on the LATS Reserve is no longer required for its original purpose. The switching costs of the move from landfill to Energy from Waste were originally forecast to be high in the early years, but this has not been the case, mainly because amounts of residual waste reduced, partly

because of the increased emphasis on recycling. In addition, Defra have announced that the Landfill Allowance Trading Scheme is to end after 2012/13 instead of the original 2019/20 end date, so Landfill Allowances will no longer be required or available to trade after this financial year. The Revenue and Capital Budget Estimates report to Port Health and Environmental Services Committee on 24th January this year stated that 'the Chamberlain and the Director of the Built Environment are reviewing how this balance can be used' and this report is the result.

8. The outturn position for 2011/12 is in the process of being finalised and is considered likely to be better than budget. It may, therefore, be possible to utilise any carry forwards to offset some of the short fall in 2012/13. However, the size of any such carry forwards has yet to be determined and would be subject to a separate approval process.

Proposals

9. It is proposed that the LATS Reserve be used to bridge some of the funding gap in 2012/13 and that any balance of the Reserve be made available to the Director to meet any remaining shortfall in 2013/14. This would give him time to review his departmental services following the departmental reorganisation in October 2011 and identify where he may be able to generate additional efficiencies and any further savings from 2013/14.

Implications

10. The proposals outlined will enable the Director to balance his resources in 2012/13.

Conclusion

11. The economic downturn and changes in Building Control Regulations have resulted in a reduction in income now estimated to be £240,000 in 2012/13. In addition the Public Convenience Service is legally required to implement equal pay for its agency workers in accordance with the AWR, resulting in an increase in costs of £180,000 per annum. The proposal to utilise the LATS Reserve would provide additional funding in the short term enabling the Director time to seek alternative funding options.

Background Papers:

- Planning & Transportation Committee Revenue and Capital Budgets 2011/12 and 2012/13 report 10 January 2012
- Port Health & Environmental Services Committee Revenue and Capital Budgets 2011/12 and 2012/13 report 24 January 2012

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