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## Report of the Director of City Development

### Scrutiny Board (City Development)

Date: 12th January 2010

Subject: CITY DEVELOPMENT DIRECTORATE: 2009/10 BUDGET – UPDATE REPORT

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Electoral Wards Affected: All

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

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### 1.0 Introduction

This report sets out the financial position for City Development Directorate.

### 2.0 Overall Summary

The month 7 position for City Development Directorate is a projected overspend of £1.8m against a month 6 projection of £1.7m. There have not been any significant changes to the position since month 6. The small increase in the projected overspend is largely due to an increase in the projected shortfall in income from the Markets. Agreed savings and other actions are now being reflected in the actual and projected position.

The projection also includes further savings of £0.7m on staffing and running costs which have already been agreed by City Development Directorate.

### 3.0 Explanation of the Projected Overspend

Reduced external income is still by far the most significant budget pressure faced by the Directorate. Projected shortfalls in key income sources across the Directorate now amount to over £4m, despite having removed £3m of income from the 2009/10 base budget. The projected overspend can be summarised as follows:

#### Income Shortfalls:

Planning and Building Fees	£2.0m
Recreation	£1.1m
Libraries, Arts and Heritage	£0.3m

Commercial Property and Markets	£0.4m
Architectural Design Services	<u>£0.4m</u>
	£4.2m
Capital fee recoveries	£1.0m Cr
Planning Delivery Grant	£0.6m Cr
Other income variations	<u>£0.4m Cr</u>
<b>Total Income variations</b>	<b>£2.2m</b>
<b>Expenditure Variations:</b>	
Staffing	£0.3m
Operational budgets	£0.7m Cr
<b>Overall Total</b>	<b><u>£1.8m</u></b>

### **Income Variations**

The month 7 budget projection assumes a shortfall of £4.2m in key income sources, the most significant problem continuing to be planning and building fee income with a shortfall of over £2m. The shortfall against the monthly phased budget has continued to increase during 2009/10 and the Service does not see any prospect for this position to change in the short term. Other income shortfalls include £0.4m on commercial property and markets rental income and £1.1m on income in Sport and Parks and Countryside. An optimism figure of £200k on external income has been assumed for the final quarter on the basis that external income should start to pick up as the economic outlook starts to improve.

Reduced workloads for Architectural Design Services means that there is a projected shortfall in income of £0.4m after allowing for reduced staffing costs. The service has produced a budget action plan to deal with this situation and is currently working on a revised staffing structure, with an aim to produce a balanced budget position in 2010/11.

The DCLG have notified the Authority that the likely Housing & Planning Delivery Grant for 2009/10 is £1.4m, an additional allocation of £625k above the base budget. This is to be used to part fund the shortfall in fee income.

### **Staffing**

The Directorate continues to progress plans to reduce staff numbers where appropriate. Over 50 Early Leaver Initiative (ELI) cases were approved during 2008/09 and an additional 23 business cases have been agreed to date in 2009/10 with further expressions of interest being actively considered. Restructures are also being progressed in a number of services which are experiencing reduced income and workloads. However, in many service areas staff turnover is very low resulting in services not meeting assumed vacancy factor assumptions in the budget and overall an overspend in staffing of £0.3m is projected.

Achieving the staffing savings target continues to be a priority for the Directorate. The ELI is being promoted and recruitment will continue to be closely managed in the Directorate with only front line service posts being released when vacancies occur.

## **Operational Budgets**

The Highways maintenance budget shows a saving of £1m reflecting the proposal to capitalise £1m of Highways revenue spend. This will help offset a number of expenditure pressures. Operational budgets have also been reviewed across the Directorate and savings identified in each service area. These are reflected in the projected outturn.

## **Further Savings Actions**

Since completing the month 7 statement City Development Directorate has identified further savings of £300k, mostly in running costs. This would reduce the projected overspend to £1.5m.