

CITY DEVELOPMENT DIRECTORATE: 2010/11 BUDGET – PERIOD 3 REPORT

1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 3.

2.0 Overall Summary

The Period 3 position for City Development Directorate is a projected overspend of £0.469m. There have been some notable changes in the financial position of individual service areas, mainly due to the impact of the in year grant reductions and in the savings put forward across the directorate. These are explained in more detail below. The directorate will also continue to identify other saving options and will be bringing options forward to achieve a balanced position.

3.0 Explanation of the Projected Overspend

The main reasons for the projected overspend continue to be a shortfall in income from building fees, some shortfalls in income in Recreation Services and reduced workloads in Architectural Design Services. In addition an overspend on staffing is forecast in some areas where not all the assumed savings have been fully realised and some overspends on running costs where budget actions have yet to be achieved. The projected outturn position also reflects the in year reductions to a number of grants and agreed savings to manage these reductions and address other budget pressures within the directorate.

The overspend can be summarised as follows:

	£000s
<u>Major Budget Pressures:</u>	
Building Fees shortfall	648
ADS net income shortfall	598
Recreation income	500
Net Staffing	983
Loss of HPDG	900
Net other pressures	<u>332</u>
	3,961
Offset by:	
Contingency release requests	(876)
'Pot Hole' additional grant	(774)
LEGI Legacy	(842)
Additional directorate saving plan	<u>(1,000)</u>
Total	<u>469</u>

Income

In 2009/10 there was a shortfall on key external income sources of £4.7m. This included shortfalls on planning and building fees, sport income, parks and countryside income, museums income and income in Asset Management. The 2010/11 budget has been adjusted to partly reflect the income trends in 2009/10 but it has been assumed that in some cases income trends will start to pick up in 2010/11 as the general economic position was expected to improve. Whilst planning fee income at period 3 is in line with the budget, building fee income is below the phased budget and there is no indication of an improvement at least in the short to medium term. The projected shortfall on building fee income is £648k. There is provision in central contingency of £400k for shortfalls in planning and building fee income.

Workloads are still an issue for ADS and this may become a greater problem following the recent announcement of reductions to various capital grants and the review of the current capital programme. There is a projected shortfall in income of £598k after allowing for reduced staffing costs and other savings. The service is actively working on a budget action plan to deal with this situation; this will include managing staffing downwards to an appropriate level. A further recent request for ELI's in this service has resulted in up to 12 expressions of interest, and the Chief Asset Management Officer is preparing a report with clear recommendations as to the future makeup of the service. Until firm decisions are made, ADS will continue to not achieve budget targets.

Whilst it is still early in the financial year, it is apparent that a number of income targets across Recreation Services are unlikely to be met. Some of the shortfall in income will be offset by reduced expenditure.

The recent announcement of cuts to various grants included the abolition of the Housing and Planning Delivery Grant. The directorate had budgeted to receive £900k in 2010/11. The loss of this grant has increased significantly the forecast overspend for Planning and Sustainable Development services. The government grant for the Free Swimming scheme has also been withdrawn from 31.7.10. Although charges will be re-instated there will still net a net shortfall in income in 2010/11. To partly offset these pressures it is proposed to reduce spend on highway maintenance which had already been enhanced by additional grant earlier in the year.

Staffing

The 2010/11 budget includes challenging saving targets for staffing. Over 70 Early Leaver Initiative (ELI) cases were approved during 2009/10 and planned restructures are being progressed in a number of services. Most services are forecast to achieve these targets although in some areas such as Planning and Sustainable Development, Parks and Countryside and Sport and Active Recreation the targets will need to be reviewed and an overspend on staffing is likely.

Restructures are currently in progress in Parks and Countryside, Building Control and Sport and Active Recreation.

Measures to actively manage staffing will continue to be pursued, and all requests for post releases are presented to the City Development Directorate management team, and then

approved individually by the Cors, and mostly on a temporary basis, and then only front line posts, where they are required to keep the service open, generate income, or health and safety. The ELI has been advertised again in areas continuing to experience reduced workloads such as Building Control and ADS and this will be widened to other service areas within the directorate.

Operational Budgets

Some operational budget overspends are due to delays in the implementation of actions assumed in the 2010/11 such as a delay in the planned closure of South Leeds Sport Centre estimated at an additional cost of £130k.

A major impact on operational budgets in Period 3 has been the reduction in Area Based Grant for the LEGI programme, Road Safety and two travel plan schemes in Highways. Services have now identified proposals to meet these reductions in grant.

Within the LEGI programme, some schemes have been delayed and it is proposed to utilise the unspent revenue balance of £842k to offset in year directorate pressures.

The Period 3 projection also incorporates a further £1m of saving proposals. These include a further reduction in highway maintenance spend of £476k, a reduction to the library book fund of £200k and a number of other savings in running costs across all services.

Reporting Period June 2010

Financial Year 2010/11

Directorate City Development

Traffic Light	Service	Chief Officer	(Under) / Over Spend for the current period			
			Staffing £000	Other Expenditure £000	Income £000	Total (Under) Overspend £000
G	Economic Services	Chief Economic Development Officer	(92)	(1,148)	160	(1,080)
R	Asset Management	Chief Officer Asset Management	129	(131)	569	567
G	Highways and Transportation	Chief Officer Highways and Transportation	(486)	(656)	(739)	(1,881)
G	Libraries, Arts and Heritage	Chief Libraries, Arts and Heritage Officer	2	(74)	42	(30)
R	Recreation	Chief Recreation Officer	889	(492)	476	873
G	Support Services	Chief Officer Resources and Strategy	4	(159)	85	(70)
R	Planning and Sustainable Development	Chief Planning and Sustainable Development Officer	617	204	1,267	2,088
R	Total		1,062	(2,456)	1,860	469