

## CITY DEVELOPMENT DIRECTORATE: 2010/11 BUDGET – PERIOD 4 REPORT

### 1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 4.

### 2.0 Overall Summary

The Period 4 position for City Development Directorate is a projected overspend of £724k. This is an increase of £255k on the position reported for Period 3 and is due to a reduction in income projections. The directorate will also continue to identify other saving options and is actively progressing actions to reduce staffing levels and staffing costs across services.

### 3.0 Explanation of the Projected Overspend

The main reasons for the projected overspend continue to be a shortfall in income from building fees, shortfalls in income in Recreation Services and reduced workloads in Architectural Design Services. At Period 4 the projection also includes a shortfall in planning fees of £250k which is based on the actual income trends this year. 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 fact that the Housing and Planning Delivery Grant and Free Swimming grants have both been abolished with a net impact of approximately £1m.

The overspend can be summarised as follows:

	£000s
<u>Major Budget Pressures:</u>	
Building Fees shortfall	658
Planning Fees shortfall	250
ADS net income shortfall	532
Recreation income	638
Net Staffing	910
Loss of HPDG	900
Net other pressures	<u>(51)</u>
	3,837
 Offset by:	
Contingency release requests	(1,016)
'Pot Hole' additional grant	(774)
LEGI underspend (Legacy programme)	(842)
Additional directorate saving plan	<u>(481)</u>
 <b>Total</b>	 <b>724</b>

## **Income**

Despite 2010/11 income budgets being adjusted to take account of the general downward trend experienced in 2009/10, shortfalls are projected in a number of areas. Planning fee income was in line with the budget up to Period 3 but there is a significant shortfall at Period 4. Building fee income continues to be 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 £658k. 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 problem is exacerbated by the recent reductions to various capital grants and the review of the current capital programme. There is a projected shortfall in income of £532k 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 these are being progressed. There has also recently been approval as to the future makeup of the service but until this is fully implemented 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 be 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, although through actions mentioned below the level of overspend is reducing.

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.

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 although the approval of the LEGI Legacy programme means that this underspend will be required in 2011/12 and 2012/13.

The projection now includes a number of savings proposals including a reduction in the library book fund of £200k.

The Period 4 projection also incorporates a further £0.5m of proposed actions. These include a further reduction in highway maintenance spend of £206k, a further reduction to the library book fund of £100k and a number of other savings in running costs across all services.