

## CITY DEVELOPMENT DIRECTORATE: 2010/11 BUDGET – PERIOD 6 REPORT

### 1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 6.

### 2.0 Overall Summary

The Period 6 position for City Development Directorate is a projected overspend of £544k. This is a reduction of £434k on the position reported for Period 5 and is mainly due to a reduction in the projected overspend on staffing across the directorate.

### 3.0 Explanation of the Projected Overspend

The main reason for the overall projected overspend is a shortfall in income. The shortfall in income across the directorate is forecast to be £3.3m. The income shortfall includes the abolition of the Housing and Planning Delivery Grant (HPDG) and Free Swimming grants with a net impact of approximately £1m.

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 major budget variations can be summarised as follows:

	£000s
<u>Major Budget Pressures:</u>	
Building Fees shortfall	414
Planning Fees shortfall	709
Architectural Design Services net income shortfall	413
Recreation income	839
Net Staffing	737
Loss of HPDG	<u>900</u>
	4,012
Offset proposals:	
Contingency release requests	(1,016)
Highway maintenance	(1,250)
Library book fund	(300)
LEGI underspend (Legacy programme)	(842)
Net other variations	<u>( 60)</u>
<b>Total</b>	<b>544</b>

### Income

Period 6 has seen an improvement in both planning and building fee income. The actual shortfall in planning fees at Period 6 is £327k and £231k for building fees. The year end projected shortfall is £709k for planning fees and £414k for building fees. The service has recently experienced an increase in minor and major planning applications and this has now

started being reflected in the income figures. There is provision in central contingency of £400k for shortfalls in planning and building fee income.

Architectural Design Services has been experiencing reducing workloads for some time and a consultation exercise on the future direction of this service is now being carried out. Overall a net income shortfall of £413k is forecast for the year. This is an improvement on the Period 5 position and is mainly due to a reduction in service costs. The service is also continuing to work on an action plan to deal with the budget position, this includes managing staffing downwards to an appropriate level.

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 announcement of in year 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.

## **Staffing**

The 2010/11 budget includes challenging saving targets for staffing. All services have been progressing Early Leaver cases and a number of restructures have been taking place in the directorate. The forecast overspend on staffing is £737k which is a reduction on the Period 5 position and reflects the ongoing work across the directorate to actively manage staffing.

Most services are forecast to achieve the target savings. The three services where this is not the case are Planning Services , Parks and Countryside and Sport and Active Recreation. Restructures are being progressed in all three services with the Parks and Countryside structure now approved.

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. Approvals to fill posts are 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.

## **Operational Budgets**

Some operational budget overspends are due to delays in the implementation of actions, the Executive Board decision to extend by four months the opening of South Leeds Sport Centre, cost an estimated additional £130k. There will be an overspend of £40k on the Business Support Scheme administered by Economic Development due to additional commitments against the scheme. Other budget pressures include additional expenditure of £235k on planning appeals in Planning and Sustainable Development.

Within the Local Enterprise Growth Initiative 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 Legacy programme means that funding will be required in 2011/12 and 2012/13 for the Legacy Programme.

The projection now includes a number of savings proposals including a reduction in the library book fund of £300k.

The Period 6 projection also incorporates other proposed actions including savings on highway maintenance of £1.25m although the maintenance budget has also been enhanced this year by the receipt of an additional £774k from the 'pot hole' grant. This additional funding will be fully spent on eligible schemes in line with the terms and conditions of the grant. The service is also looking at options for other savings which would reduce the actual saving required on the maintenance budget.