

## CITY DEVELOPMENT DIRECTORATE: 2010/11 BUDGET – PERIOD 7 REPORT

### 1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 7.

### 2.0 Overall Summary

The Period 7 position for City Development Directorate is a projected overspend of £645k. This is an increase of £100k on the position reported for Period 6 and is mainly due to an increase in the cost of planning appeals of £130k. The recent corporate Early Leaver Initiative may enable further staff savings to be made this financial year mainly through reductions in hours and from staff leaving late 2010/early 2011 and not being replaced. The directorate is actively looking at options to reduce the current projected overspend.

### 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	710
Architectural Design Services net income shortfall	378
Recreation income	463
Net Staffing	791
Planning appeal costs	400
Loss of HPDG	<u>900</u>
	4,056
 Offset proposals:	
Contingency release requests	(1,016)
Highway maintenance	(1,250)
Library book fund	(300)
LEGI underspend (Legacy programme)	(842)
Net other variations	<u>( 3)</u>
 <b>Total</b>	 <b>645</b>

## **Income**

Period 7 has seen no significant change in planning and building fee income and the year end projected shortfall remains at £710k 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 £378k is forecast for the year, this is a small reduction on the position reported at Period 6. 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 £791k. Applications under the corporate Early Leaver Initiative are now being progressed and it is envisaged that this will lead to further staff savings this financial year from agreeing reductions in hours and from staff leaving late 2010/early 2011 and not being replaced.

Most services are forecast to achieve the target savings. The three services where this is not the case are Planning and Sustainable Development, Parks and Countryside and Sport and Active Recreation. Restructures are being progressed in all these services, with Planning Services, Building Control, and Parks and Countryside 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 £400k 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 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.