

# CITY DEVELOPMENT DIRECTORATE: 2010/11 BUDGET – PERIOD 9 REPORT

## 1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 9.

## 2.0 Overall Summary

The Period 9 position for City Development Directorate is a projected overspend of £978k. This is an increase of £175k on the position reported for Period 8 and is due to an increase in the projected shortfall in planning and building fees following a reduction in actual income received in Period 9.

As expected, staffing costs have reduced as staff begin to leave the Directorate through the corporate Early Leaver Initiative although the saving so far has been more than offset by the reduction in projected income. The directorate is now also actively looking to reduce spend in the final quarter to generate additional savings to reduce the projected overspend.

## 3.0 Explanation of the Projected Overspend

The main reason for the overall projected overspend is a significant shortfall in income. The shortfall in income across the directorate is now forecast to be £4.4m and despite continued efforts to reduce expenditure the increasing income shortfall means that it is proving difficult to reduce the projected overspend. The income shortfall does include the abolition of the Housing and Planning Delivery Grant (HPDG) and Free Swimming grants with a net impact of approximately £1m.

The major budget variations can be summarised as follows:

	£000s
<u>Major Budget Pressures:</u>	
Building Fees shortfall	499
Planning Fees shortfall	942
Architectural Design Services net income shortfall	492
Recreation income	613
Net Staffing	882
Planning appeal costs	400
Loss of HPDG	<u>900</u>
	4,728
Offset proposals:	
Contingency release requests	( 966)
Highway spend	(1,250)
Library book fund	(300)
LEGI underspend (Legacy programme)	(842)
Net other variations	<u>(392)</u>
<b>Total</b>	<b>978</b>

## **Income**

The overall projected shortfall on income has increased since Period 9. The main increase is the shortfall on planning and building fees with the year end projected shortfall £942k for planning fees and £499k for building fees. The amount of planning fee income received in Period 9 was £135k less than the phased budget. 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 £492k is now forecast for the year, this is higher than the position reported at Period 8 and reflects a reduction in commissions expected to the end of the year. 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 have been 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 and FTEs have reduced by 79 since March 2010. 98 Applications under the corporate Early Leaver Initiative have now been 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 during early 2011 and not being replaced. An additional 25 applications under the scheme are due to be submitted shortly which will mean a total FTE reduction of 202 the equivalent of 7.85%. The overspend on staffing is also partly explained by additional upfront voluntary retirement and severance costs of £330k incurred as part of planned reductions in staffing prior to the corporate early leaver initiative. These costs may be capitalised as part of the overall ELI initiative and therefore result in a reduction to the projected overspend.

Restructures have now been approved in Planning Services, Building Control, and Parks and Countryside and the Sport structure and Highways Design and Construction structure proposals are now out for consultation.

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 Small Traders 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 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 spend of £1.25m although the highway 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. Across the directorate spend will continue to be tightly controlled with the aim of generating additional savings in the final quarter.