

CITY DEVELOPMENT DIRECTORATE: 2010/11 BUDGET – PERIOD 8 REPORT

1.0 Introduction

This report sets out the financial position for City Development Directorate for Period 8.

2.0 Overall Summary

The Period 8 position for City Development Directorate is a projected overspend of £803k. This is an increase of £158k on the position reported for Period 7 and is mainly due to the impact of the recent bad weather on recreation income and a reduction in projected income in Property Services. Overall there has been only minor variations in the projected position by service.

The directorate is working on proposals to reduce the projected overspend. A total of 75 business cases have now been approved through the recent corporate Early Leaver Initiative and a further 50 business cases are expected to be submitted shortly. This may enable further staff savings to be made this financial year mainly through reductions in hours and from staff leaving early 2011 and not being replaced. The expected 125 leavers from the directorate will be on top of the reduction in FTEs of 73 since March 2010. 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 shortfall in income. The shortfall in income across the directorate is forecast to be £3.7m. 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 | 767 |
| Architectural Design Services net income shortfall | 380 |
| Recreation income | 538 |
| Net Staffing | 990 |
| Planning appeal costs | 400 |
| Loss of HPDG | <u>900</u> |
| | 4,389 |
| Offset proposals: | |
| Contingency release requests | (1,016) |
| Highway maintenance | (1,250) |
| Library book fund | (300) |
| LEGI underspend (Legacy programme) | (842) |
| Net other variations | <u>(178)</u> |
| Total | 803 |

Income

The projection for planning and building fee income for the year has remained fairly static with the year end projected shortfall £767k for planning fees and £414k for building fees. 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 £380k is forecast for the year, this is in line with the position reported at Period 7. 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. The income forecast for Property Services has been reduced by £100k following notification that income previously expected from releasing restricted covenants will not now be received.

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 projected shortfall in income has been increased for Period 8 reflecting a reduction in income due to the bad weather in November.

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 and FTEs have reduced by 73 since March 2010. 75 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 during early 2011 and not being replaced. An additional 50 applications under the scheme are due to be submitted shortly. 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.

Restructures have now been approved in Planning Services, Building Control, and Parks and Countryside and the Sport structure is 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 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. Across the directorate spend will continue to be tightly controlled with the aim of generating additional savings in the final quarter.