

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Housing, Environmental and Economic Development

Council: 25 January 2012

Subject: HRA Capital Programme 2011/2012 Budgetary Control Report to 30 November 2011 (Period 8)

1. Purpose

1.1 The purpose of this report is to advise Members on the progress of the HRA Capital Programme 2011/2012 and allow Council to monitor performance.

2. Background

2.1 The 2011/2012 HRA Capital Programme was last reported to Members at the Council meeting on 21 December 2011, with a planned spend of £19.566m matched by an anticipated resource of this value.

2.2 The HRA Capital Programme has now been updated to take account of 2011/12 likely capital spend and income and slippage identified to be carried into 2012/13.

2.3 This report details probable income and expenditure against the various budget headings up to 30 November 2011.

3. Main Issues

Annual Projected Position

3.1 The financial management code of practice states that from period 8 all budgetary control reports will be prepared on a probable outturn basis and that reported variance will be calculated by comparing actual spend to date against probable outturn to date.

3.2 The attached appendix details the probable outturn for resources and expenditure (both totalling £17.820m) and summarises both the actual resources achieved and expenditure incurred to date.

3.3 These figures adjust for spend which is likely to slip from 2011/12 into 2012/13 which reduces the anticipated spend in 2012 from £19.566m (per 2.1 above) to £17.820m per the attached appendix. An explanation of the material movements between annual budget and probable outturn is detailed in paragraph 3.9 below.

- 3.4** Members will note that the borrowing requirement has reduced from £17.301m to £16.788m while anticipated other resources have reduced from £1.265m to £1.032m, details of which are included in the appendix.
- 3.5** A detailed exercise reviewing the probable outturn on spend on the HRA Capital Programme to 31 March 2012 has now been completed, and details of the annual variance are detailed within the attached appendix. Members will note that a total spend of £17.820m is being predicted against the revised budget of £19.566m, resulting in a favourable variance for 2011/12 of £1.746m.
- 3.6** In carrying out the above exercise it became apparent that two of the external cladding projects would show significant slippage of £3.120m in 2011/12 following a protracted exercise to ensure engagement of suitably qualified and experienced bodies to carry out the works, while optimising the opportunity to secure funding from the government's heat and energy saving programme.
- 3.7** The majority of spend on these projects will now take place in the next financial year and will be part funded as noted above. The anticipated funding has not yet been incorporated into anticipated HRA resources as it is not due to be received until 2012/13, however this is currently estimated to be £1.506m and will be built into the 2012/13 HRA capital resources.
- 3.8** The identification of the slippage referred to above will now allow officers to accelerate works originally scheduled for 2012/13. Officers have therefore identified a number of "Quick Spend" projects, to the value of £0.805m, as detailed in attached appendix.
- 3.9** The 2011/12 overall predicted favourable variance (£1.746m) has been analysed by one of three categories (quick spend projects, overspend/saving and slippage) and an explanation of variances over £100,000 is given below:
- (a) Kitchens - Projected overspend of £0.150m
- The projected overspend is due to an exercise undertaken by officers to identify areas of quick spend in the current financial year.
- (b) General Environmental Improvement - Projected overspend of £0.177m
- The projected overspend is due to both receipt of various retention invoices (£0.047m) and an exercise undertaken by officers to identify areas of quick spend in the current financial year (£0.130m).
- (c) Upvc Front & Back Doors - Projected overspend of £0.200m
- The projected overspend is due to an exercise undertaken by officers to identify areas of quick spend in the current financial year.

(d) Void House Strategy - Projected overspend of £0.300m

The projected overspend reflects the volume of void properties completed.

(e) Electrical Improvement - Projected overspend of £0.150m

The projected overspend is due to an exercise undertaken by officers to identify areas of quick spend in the current financial year.

(f) External Cladding Projects - Projected underspend of £2.827m

The projected underspend is due to various offsetting factors, details of which are provided below:

Slippage

Drumry and Rosshead £3.120m

Less Overspends and Quick Spend Projects

Receipt of various retention invoices	£0.036m	
Pappert Phase 7	£0.058m	
Irving Avenue	£0.068m	
West Bridgend Phase 2	£0.025m	
Pappert Phase 8	<u>£0.106m</u>	
Total Anticipated Overspend and Quick Spend Projects		<u>£0.293m</u>
Projected Underspend		<u>£2.827m</u>

Year to Date Position

3.10 Resources achieved to date total £8.278m. When compared to the probable outturn to date of £8.278m this indicates a nil variance indicating that the HRA is on target to meet the probable outturn.

3.11 Expenditure incurred to date totals £8.284m. When compared to the probable outturn to date of £8.277m, this indicates an overspend position currently of £0.007m (0.08% of the year to date probable outturn). There are no major variances between actual and probable.

4. People Implications

4.1 There are no people implications.

5. Financial implications

5.1 The anticipated outturn of the HRA Capital Programme in 2011/12 will have a favourable impact upon the HRA Loan Charges in 2012/13 as funds are only borrowed as required to fund expenditure and the projected borrowing requirement has now reduced to £16.788m as noted at paragraph 3.3 above. However this is only a one year effect as the spend will still be incurred in 2012/13.

6. Risk Analysis

6.1 The main risks are as follows:

- (a) As a consequence of current market conditions, capital receipts may either not be received or they may be less than anticipated.
- (b) The present variance should be viewed in the knowledge that there are a number of variable factors which could arise between now and 31 March 2012 which could affect the year end spend.

7. Equalities Impact Assessment (EIA)

7.1 No equalities impact assessment was required in relation to this report.

8. Strategic Assessment

8.1 The Council has identified four main strategic priorities for 2011/2012, namely Social & Economic Regeneration, Financial Strategy, Asset Management Strategy; and Fit for Purpose Services.

8.2 The HRA capital plan contributes to both Social & Economic Regeneration and the Asset Management Strategy via the provision of high quality housing.

9. Conclusions and Recommendations

9.1 Spend to date is slightly higher than the probable outturn to date, however, this will be monitored and appropriate action taken as necessary.

9.2 Members are asked to approve the probable outturns included with the updated capital plan (including "quick spend" projects), and note the position to date as outlined in the attached appendix.

Elaine Melrose

Executive Director of Housing, Environmental and Economic Development

Date: 21 December 2011

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Appendices: Appendix - HRA Capital Programme
Financial Year 2011/12 - Probable Outturn

Background Papers: HRA Capital Programme 2011/12 - Council 21 December 2011

Wards Affected:

All