

WEST DUNBARTONSHIRE COUNCIL

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

Housing, Environment and Economic Development Committee:
2 November 2011

Subject: HRA Capital Programme 2011/2012 Budgetary Control Report to 30 September 2011 (Period 6)

1. Purpose

- 1.1 The purpose of this report is to advise Members on the progress of the HRA Capital Programme 2011/2012 and to allow Committee to monitor performance.
- 1.2 To update Committee in relation to the resource available to fund the 2011/12 Capital Programme.

2. Background

- 2.1 Council agreed the revised 2011/2012 HRA Capital Programme at its meeting on 28 September 2011, with a planned spend of £20.766m matched by an anticipated resource of this value.
- 2.2 This report details expenditure against the various budget headings up to 30 September 2011 and provides an update as to the available resource which is expected in order to fund the expenditure plan.

3. Main Issues

- 3.1 Since the HRA Capital programme was last reported to Council (on 26 October 2011) a review of anticipated capital receipts has been undertaken and it is now apparent that it is likely that these receipts will not achieve the budgeted values by a total of £1.200m. This reduction is due to revisions in the outlook for both house sales and other receipts of £0.900m and £0.300m respectively.
- 3.2 Following a review of the progress on the capital plan to date officers expect that through slippage expenditure is likely to reflect the funds available as noted below:

Resources:

Resources agreed by Council 28 September 2011	£20.766m
Revised funding per 3.2 above	£19.566m

Expenditure:

Expenditure agreed by Council 28 September 2011 £20.766m

Less: Recommended reduction to HRA Capital projects

Structural works to Drumry	(£0.800m)	
Void House Strategy	(£0.190m)	
Overcladding Works	<u>(£0.210m)</u>	
Total proposed Expenditure reduction		<u>£1.200m</u>
Revised capital plan		<u>£19.566m</u>

- 3.3** The revised projected resources and expenditure on the Capital Programme is shown in Appendix A.
- 3.4** The situation regarding structural works to Drumry was reported to Council on 26 October 2011 where Members were advised that the most recent structural information available had placed some doubt as to the full extent of the need for the planned structural works. The programme of work is under review whilst it is likely there will be slippage in the work undertaken in 2011 - 12 which will reduce expenditure in the current year. The overall programme of work is incorporated in to the 2012 - 13 capital programme.
- 3.5** Officers have reviewed the current position regarding both void house strategy works and overcladding works, and have confirmed that these budget lines can be adjusted to partially offset the reduction in anticipated capital receipts. In respect of overcladding, some slippage around the tendering process from CESP funding has resulted in a delay in 2011 - 12. However this work will transfer in to an accelerated programme in 2012 - 13. In addition, it is likely that the level of CESP funding may be increased which would result in a saving within the HRA capital programme.
- 3.6** A summary of the expenditure to 30 September 2011 on each main budget heading is attached at Appendix B. Expenditure to 30 September 2011 totals £6.117m.
- 3.7** Members will note that the actual spend to 30 September 2011 is compared to the phased capital budget at 30 September 2011 amounting to £6.085m, resulting in an overspend to date of £0.032m.
- 3.8** Details of the actual expenditure and phased budget to 30 September 2011 on each detailed budget heading are attached at Appendix C.

4. People Implications

- 4.1** There are no people implications.

5. Financial implications

- 5.1** Anticipated capital receipts have reduced by £1.200m as noted in section 3.2 above. Officers recommend that expenditure is reduced by £1.200m to offset this reduction.

6. Risk Analysis

- 6.1** The main risks are as follows:

- (a) As a consequence of current market conditions, planned capital receipts may either not be received or they may be less than the updated anticipated values. Officers will continue to monitor actual receipts and expectations during the remainder of the year and advise Committee appropriately.
- (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** Anticipated capital receipts, which were part of the funding package for the HRA Capital programme for 2011/12, are now expected to be reduced by £1.200m.
- 9.2** Spend to date is higher than the profiled budget, however, this will be monitored and appropriate action taken as necessary.
- 9.2** Members are asked to:
- i) note the reduction in anticipated capital receipts;
 - ii) note the likely slippage in the capital programme; and

- iii) note the position to date as outlined in appendices B and C.

Elaine Melrose
Executive Director of Housing, Environmental and Economic Development
Date: 26 October 2011

Person to Contact: Gillian McNeilly - Finance Manager, Garshake Road, Dumbarton, telephone: 01389 737194, e-mail gillian.mcneilly@west-dunbarton.gov.uk

Appendices: Appendix A - Capital Programme Resources
Appendix B - Summary of Expenditure to 30/09/11
Appendix C - Details of Expenditure to 30/09/11

Background Papers: HRA Capital Programme 2011/12 - Council 26 October 2011

Wards Affected: All