

WEST DUNBARTONSHIRE COUNCIL

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

Council: 24 February 2010

**Subject: HRA Capital Programme 2009/2010 Budgetary Control Report
to 15 January 2010 (Period 9)**

1. Purpose

- 1.1** The purpose of this report is to advise the Council on the progress of the HRA Capital Programme 2009/2010. Budgetary control statements for the HRA Capital Programme are also presented to the Housing, Environment and Economic Development Committee to allow the Committee to monitor performance.

2. Background

- 2.1** Council agreed the 2009/2010 HRA Capital Programme at its meeting on 25 February 2009. This report details expenditure against the various budget headings up to 15 January 2010.

3. Main Issues

- 3.1** The projected expenditure on the Capital Programme, with matched projected resources, is £17.897m (see Appendix A).
- 3.2** A summary of the expenditure to 15 January 2010 on each main budget heading is attached at Appendix B. Expenditure to 15 January 2010 totals £10.165m.
- 3.3** Members will note that the actual spend to 15 January 2010 is compared to the phased capital budget at 15 January 2010 amounting to £10.911m, resulting in an underspending of £0.746m.
- 3.4** Details of the actual expenditure and phased budget to 15 January 2010 on each detailed budget heading are attached at Appendix C.
- 3.5** The Council approved the recommended capital budgets for 2009/2010, subject to £350,000 being identified for a dampness eradication programme; the £350,000 to be identified from re-profiling of the capital programme.

3.6 As can be seen there are a number of significant over and under spendings on the various budget lines. This is not unusual as certain projects can be unavoidably delayed, in which case the spend on other projects is very often accelerated.

3.7 Brief Explanations of the main variances are as follows;

i) Multi-Storey Comprehensive Area Renewal - Underspending £203,000

This underspend is the result of the tender price being lower than anticipated and the contract being severely affected by the extreme weather conditions which has delayed work on site. It is now anticipated that this budget line could be underspent by around £500,000 at the financial year end.

ii) Kitchen Upgrades - Underspending £180,000

The pre-planned programme of replacements is now approaching an end and it is anticipated that this budget line could be underspent by around £500,000.

iii) Close Upgrades - Underspending £127,000

This underspend is the result of works only having started on site in mid January 2010.

iv) Structural Works - Underspending £396,000

This underspend is as a result of the tender price being lower than anticipated and unforeseen operational delays on site which are currently being addressed by the contractor. However it is now expected that the budget line could be underspent by around £500,000 at the financial year end.

v) Re-roofing - Underspending £185,000

This underspend is due to the delay in invoices being submitted by the contractor, but it is anticipated that this budget line could be underspent by around £120,000.

vi) uPVC Front and back Doors - Overspending (£124,000)

This overspend is due to increased demand for replacement units due to life expiry of existing units, and the year end overspend is expected to be around £170,000.

vii) Void House Strategy - Overspending (£305,000)

The budget on the Void House Strategy has been understated and this budget overspend will continue. The overspend at the year end is predicted to be around £350,000.

viii) Central Heating - Overspending (£134,000)

This overspend is a result of a larger number of complete system failures than had been anticipated, and the year end overspend is expected to be around £200,000.

- 3.8** Details of the projected outturn on the HRA Capital Programme to 31 March 2010 are attached at Appendix D. Members will note that a total spend of £16.595m is being predicted against the original budget of £17.897m, resulting in a predicted underspend of £1.302m.
- 3.9** Members' approval to the revised budgets as detailed in the "Revised Budget to 31 March 2010" column is therefore required in terms of the Council's Financial Regulations, Section C Control of Expenditure, Paragraph 2.
- 3.10** As per the Council's Financial Regulations the approval of the Head of Finance has been obtained to the budget virement as detailed in Appendix D.
- 3.11** The HRA Capital Programme will be monitored against the revised budget for the remainder of this financial year.

4. Personnel Issues

- 4.1** There are no personnel issues.

5. Financial Implications

- 5.1** The financial implication of this report is that the Council has spent £10.165m to the 15 January 2010 against a phased budget of £10.911m resulting in an underspend as at 15 January 2010 of £0.746m.
- 5.2** It is anticipated that this underspend will now continue to the financial year end and the HRA Capital Programme could be underspent by around £1.3m.
- 5.3** An underspend on the HRA Capital Programme will have a favourable impact upon the HRA Loan Charges as funds are only borrowed when the money is expended.

6. Risk Analysis

6.1 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 2010 which could affect the year end spend.

7. Equalities Impact

7.1 None.

8. Conclusions and Recommendations

8.1 The report identifies an underspend against phased budget of £0.746m, which is expected to continue to the financial year end.

8.2 Members are asked to:

- i) note the contents of this report, and
- ii) approve the budget virement as referred to in paragraph 3.9 and detailed in Appendix D.

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Date: 3 February 2010

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Appendices: Appendix A - Capital Programme Resources
Appendix B - Summary of Expenditure to 15 Jan. 2010
Appendix C - Details of Expenditure to 15 Jan. 2010

Background Papers: None

Ward Affected: All