

WEST DUNBARTONSHIRE COUNCIL
Report by the Chief Officer – Resources
Council – 30 October 2024

**Subject: Housing Revenue Account (HRA) Capital
 Budgetary Control Report to 31 August 24 (Period 5)**

1. Purpose

1.1 This report provides an update on the HRA capital programme to 31 August 2024.

2. Recommendations

2.1 Committee is asked to:

- i) Note the current position of the 2024/2025 HRA capital budget and the HRA capital plan.
- ii) Note that in year financial performance is monitored against a 2024/2025 capital expenditure budget of £73.664m and a 2024/2025 capital income budget of £10.003m, a one-year borrowing requirement of £63.661m.
- iii) Note that project life performance is monitored against a five-year project life expenditure budget of £319.738m and a project life income budget of £54.577m, a five-year borrowing requirement of £265.161m.
- iv) Note that there are six projects reporting off track with an anticipated over / under spend against their 2024/2025 budgets, with a forecast net overspend of £0.334m in 2024/2025.
- v) Note that all projects are currently on track to achieve their planned completion dates and to deliver within their respective five-year project life budgets.

3. Background

3.1 On 6 March 2024 the Council approved the updated Housing Revenue Account Capital Plan for 2024/2025 to 2028/2029.

3.2 Since then budget adjustments have taken place to bring forward in year project under/over spends during 2023/2024, to reflect up to date information on progress delivering the plan and any need for budget acceleration and budget deceleration from / to future years, and to update the expenditure and income budgets for Affordable Housing Supply projects to reflect the 2023/2024 outturn and to reflect that the most recent cost and income forecasts. The budget adjustments result in revised capital budgets as set out in Exhibit 1.

Exhibit 1: Revised HRA Capital Budget 2024/2025 – 20278/2029

	2024/25 BCR05 (£m)	Project Life BCR05 (£m)	Project Life March 24 (£m)
Other Capital Expenditure	7.165	27.129	27.180
Major Component Replacement	19.795	92.604	92.604
Void Capital	4.902	19.212	20.712
Structural & Environmental	2.767	14.175	14.175
Support Costs	2.761	14.367	14.367
Affordable Housing Supply Programme	36.274	152.251	149.053
Total Expenditure	73.664	319.738	318.091
Total Income	10.003	54.577	47.029
Prudential Borrowing	63.661	265.161	271.062

4. Main Issues

4.1 Progress against the 2024/25 capital plan is detailed in:

Appendix 1 – HRA Capital Summary BCR05

Appendix 2 – HRA Capital Detail BCR05

4.2 The HRA capital summary report at Appendix 1 reports that planned expenditure and planned income are both in line with the overall project budgets. Appendix 1 reports that there are twenty-nine capital projects where expenditure / income budget is tracked over the multi-year life of the project and twenty-eight projects classified as rolling programme projects, which is programmes of work where an annual budget is set each year that takes account of demand, cost, and affordability.

4.3 Appendix 2 shows all projects with approved in year and project life budgets as well as forecast expenditure / income. The appendix highlights a 2024/2025 expenditure budget of £73.664m and a forecast spend of £73.998m, a net overspend of £0.334m (0.005% of the planned 2024/2025 spend) The 2024/2025 capital income budget is £10.003m, with a forecast income of £10.003m.

4.4 Commentary on the 2024/2025 expenditure variances are set out in Exhibit 2 below.

Exhibit 2: Project Over / Underspends 2024/2025

Project	2024/2025 BCR05 Forecast (£m)	2024/2025 BCR05 Budget (£m)	2024/2025 Variance (£m)	Commentary
Special Need Adaptations	0.552	0.655	-0.103	<ul style="list-style-type: none"> Reduced throughput of capital adaptations this year Inhouse adaptations team is fully up to date with its order books. Improved performance with average time of 46 days. Underspend will be available for reprofiling in future years.

Project	2024/2025 BCR05 Forecast (£m)	2024/2025 BCR05 Budget (£m)	2024/2025 Variance (£m)	Commentary
Capitalised Minor Works	3.964	3.000	0.964	<ul style="list-style-type: none"> Transfer of Electrical Installation Condition Works `spend to minor works budget. Overspend will be re-profiled over future years. Officers are increasingly directing minor works requests to the relevant planned capital programme.
Environmental Sensors	1.365	2.000	-0.635	<ul style="list-style-type: none"> Excellent progress with this programme with an anticipated 2,000 sensors due to be installed this year. Underspend reflects the mobilization period and challenges in getting access to properties. Underspend will be available for reprofiling in future years.
Roofing Works	2.033	2,500	-0.467	<ul style="list-style-type: none"> Underspend reflects the changing mix of the capital programme with an increased number of mixed tenure blocks that require owner consent before work can start. This necessary process delay project start Underspend will be available for reprofiling in future years.
Void House Works	5.733	4.902	0.831	<ul style="list-style-type: none"> Transfer of increased void spend to HRA capital account following a review. Void delivery costs, including overtime on voids and contractor spend, have reduced as void number have reduced. Overspend will be re-profiled over future years.
Environmental Works	0.910	1.068	-0.158	<ul style="list-style-type: none"> Reduced throughput of environmental works this year because operatives have also worked across other HRA service areas. Underspend will be available for reprofiling in future years.
Contingency	-	0.100	-0.100	<ul style="list-style-type: none"> Contingency released to offset cost pressures across the HRA capital account.
			0.334	

4.5 Budget assumptions are required to forecast costs / income, especially where projects span multi-year and project finances have yet to be finalised. It is therefore likely that the projected year end budgetary position will change during the year.

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no people implications.

7. Financial and Procurement Implications

7.1 The report notes the projected in-year financial position for capital budgets.

8. Risk Analysis

8.1 The main risks are as follows:

- (a) The reported variances should be viewed in the knowledge that there are several variable factors which could arise between now and 31 March which could affect the year end results for capital budgets.
- (b) Because of current market conditions, inflation is at an all-time high and interest rates continue to be volatile. To forecast for the full year costs budget assumptions have been required. These assumptions continue to change regularly and therefore it is likely the projected year end budgetary position will change from that reported.

9. Equalities Impact Assessment (EIA)

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

10. Environmental Sustainability

10.1 No assessment of environmental sustainability was required in relation to this report.

11. Consultation

11.1 All services involved in delivering the capital budgets have been consulted during the compilation of this report.

12. Strategic Assessment

12.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the strategic priorities of the Council's current Strategic Plan. This report forms part of the financial governance of the Council.

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Date: 30 October 2024

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Appendices: Appendix 1 - HRA Capital Summary BCR05
Appendix 2- HRA Capital Details BCR05

Background Papers:

Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget, and Rent Levels for 2024/25 - Council 6 March 2024.

Wards Affected All Wards