## Appendix B – Capital Variations

**New Homes and Regeneration £0.475m additional expenditure**

1. The New Homes and Regeneration Programme continues to deliver new homes as planned. Members will recall that the budgets for the New Build schemes were reprofiled during the year to reflect the revised cashflow forecast. As noted under risks and uncertainties, additional expenditure of £1.376m is required to achieve the outturn forecasts indicated, which may be subject to some change depending on the valuation of works completed by 31 March..

2. Schemes highlighted as differing from the revised budget profile for the year.

   a. **Leonard Stanley - £181k** of expenditure which is more in line with the original budget allocation (£2.227m)

   b. **Top of Town - £233k** of additional expenditure (all phases)

   c. **Contingency – (£211k)** essentially supporting these schemes has not been spent and can be netted-off against the expenditure above.

**Other capital works £2.039m under budget**

3. Capital works budgets were revised downward by £2.590m in December to reflect the deferment of expenditure as part of the HRA Action Plan. Further capital slippage of £1.045m is forecast. As noted under risks and uncertainties, additional expenditure of £1.666m is required to achieve the outturn forecasts indicated.

   a. **Central Heating - £134k underspend**. Despite a high volume of critical failure works being undertaken we are dealing with those efficiently. A credit of £56k from the Central Heating Fund (CFH) was received in year.

   **b.** **Disabled Adaptations - £129k underspend**. These works are demand led and there has been a lower volume of DNA referrals than in previous years**.**

   c. **Kitchens and Bathrooms £304k underspend.** Works are being validated and if appropriate moved into future programmes if elements do not need replacing i.e. if a kitchen or bathroom has several years of life left they are reprofiled into future programmes

   d. **Major Voids - £150k underspend**. This budget is demand led where there have been cost reductions, increased intelligence from pre termination inspections has assisted this process

   e. **Asbestos/Radon - £100k underspend**. All asbestos is identified and managed safely and where appropriate removed rather than encapsulated where there is any indication of risk. In many situations leaving undisturbed asbestos may be the safest option which is then addressed through void or programmed works.

   f. **Damp works/Insulation - £90k slippage**. Works have been deferred to future years and realigned with other planned works programmes.

g. **Non-Traditional properties - £37k slippage.** Initial pilot programme was successfully delivered. All future financial commitment is subject to validation and financial appraisal in accordance with the approved strategy and guidance.

h. **Door Entry - £175k slippage** Procurement was initially deferred as this work stream had a degree of flexibility which provided some comfort to ensure resource certainty in case additional savings were required to maintain HRA balances in-year. Door entry in our properties are working correctly and this procurement will enhance and replace systems. Consequenty this is not an immediate priority and as such delivery will now begin in 2017/18.

i. **Professional fees (reclassification of ineligible expenditure from capital to revenue).** This budget will be moved from capital to revenue in future years.

j. **External Works - £723k slippage.** Delays in starting on site, and the poor performance and delivery of the contractors have been a factor. This has been managed robustly by officers and outstanding works will be carried forward into future year's programmes. The aim is to ensure works are properly carried out, validated and provide value for money.

4. **Sheltered Housing Modernisation:** The main variance is on Capital due to an allowance for options appraisals that has not been required in this financial year and costs of remodelling units falling across two financial years– all of the ex-wardens properties will have been brought back into use in 2017/18.

5. **Queens Court** – Capital and Revenue combined - £130k and £170k funded from balances. It was anticipated that it would take up to 2 years to progress the project to a point where the property could be disposed on the open market. The HRA MTFP allowed for £400k of reserve funding across 2017/18 and 2018/19, but given the project has progressed more quickly, the revenue and capital buy-back costs will be funded from HRA working balances in the current financial year. A capital receipt of £1.5m to £2.0m was forecast in the MTFP in 2018/19, although this may be realised sooner given the progress to date.