

## Explanations for Significant Variances on Capital Projects

### Adults & Community Services

- Ripple Hall (£195k under spend) – these savings were identified by project sponsor and achieved through reduced fit out costs.
- Leisure services (£67k overspend) – this is a net figure made up of an £85k projected overspend on Becontree Heath Leisure Centre, mitigated by an £18k underspend at Goresbrook Leisure Centre. Officers anticipate that the projected overspend will reduce once a snagging review has taken place and the final account has been agreed.

### Children's Services

- School Expansion SEN projects (£250k slippage under spend) – delayed works resulting in budget to be re-profiled to 2013-14.
- Dagenham Village Rectory Road Expansion (£200k cost under spend) – project cancelled, other options being considered.

### Housing & Environment

HRA self-financing has resulted in much larger revenue surpluses than under the previous subsidy regime and therefore it has been important to ensure that these surpluses have been utilised adopting a best-value approach.

The Business Plan for 2012/13 was only approved by Cabinet in March 2012 and this plan contained provisional estimates for spend across the three major investment streams: Capital works programme; New Build and Estate Renewals.

Savills were required to undertake various revisions of their proposed capital works investment requirements and this work was finalised in June of this year. The findings were presented to the July Cabinet where it was agreed to undertake an 18-month, rather than an annual, programme for the first year. This has led to a delay in the commencement of a large part of the Capital Works programme but this was essential to ensure that works undertaken were in line with the Savills findings.

The overall programme for housing investment agreed by Members in July is over a 10-year time frame and therefore delivery of these schemes will be smoothed over the ten-year period. This smoothing results in an additional year end balance in the Major Repairs Reserve (within the HRA) of £49million and ensures that the programme can be delivered in a managed, consistent manner. This represents a further increase of £16m slippage from the position reported last month.

After re-profiling £49m into 2013/14 the only significant variance is as follows:

- External Enveloping Work (£235k under spend) – sponsor awaiting clarification from contractor regarding final account which may result in possible under spend.

#### Finance & Resources

- Oracle R12 (£1,147k slippage under spend) – funds to be re-profiled into 2013/14 because of changes in the agreed date for the project going live.
- London Road/North Street Acquisitions (£274k cost under spend) – purchases achieved are lower than budget.
- Captain Cook Site Acquisition and public realm works (£315k slippage under spend) – works to be completed next year.