

### 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.

#### Children's Services

- School Expansion SEN projects (£250k slippage under spend) – delayed works resulting in budget to be reprofiled to 2013-14.
- School Modernisation Funds 09-12 (£256k slippage underspend) – works delayed to 2013-14 due to works being carried out when children are on holidays.
- Dagenham Village Rectory Road Expansion (£200k slippage under spend) – project on hold; discussions ongoing with Diocese on scope of work to be carried out.
- Southwood Primary Expansion (£199k slippage underspend) – budget to be reprofiled to 2013-14 for final account & retention payments.
- St Josephs Primary Barking (£130k slippage underspend) – Budget to be reprofiled to 2013-14 for final account & retention payments.

#### Housing and 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 £32million and ensures that the programme can be delivered in a managed, consistent manner.

After re-profiling £32m into 2013/14 the only significant variance is as follows:

- Housing Futures (£1,898k under spend) – over arching contingency budget which will be allocated if designs for specific new schemes are developed or if over spend on existing schemes occurs.

#### **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.