

## Report of the Cabinet Member for Finance and Strategy

Cabinet - 16 July 2014

### REVENUE OUTTURN 2014/15 – HOUSING REVENUE ACCOUNT [HRA]

<b>Purpose:</b>	This report details the City and County of Swansea's HRA outturn compared with the approved revenue budget for 2014/15.
<b>Policy Framework:</b>	Budget plan 2014/15.
<b>Reason for Decision:</b>	This report is presented to Cabinet in accordance with Financial Procedure Rules.
<b>Consultation:</b>	Cabinet Members, Executive Board, Legal and Access to Services.
<b>Recommendations:</b>	It is recommended that  (a) the variations detailed in the report are noted;
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#### 1. Summary of HRA outturn for 2014/15.

- 1.1 The HRA showed a surplus of £3.167m compared with the revised budgeted deficit as outlined in the report to members on 24<sup>th</sup> February 2015 of £1.45m. The summarised HRA is set out in Table A in the Appendix.
- 1.2 The main reason for this underspend and movement against revised deficit of some £4.62m is set out below :-

Item	£m
Reduction in Revenue Funding for capital schemes	3.319
Repairs & Maintenance	0.546
Cost of Borrowing	0.384
Income / Grants & Credits	0.230
Employees	0.205
Reduction in Bad Debt provision	0.130
Other	0.074
Negative Housing Subsidy Shortfall	-0.268
<b>Net underspend</b>	<b>4.620</b>

- 1.3 The reduction in the Revenue Funding for capital schemes was as a result of slippage on the Capital Programme. In particular, delays in the commencement of the two High Rise refurbishment schemes has meant that significant amounts have been slipped into the 2015/16 budget. From a revenue perspective this budget has been retained in the HRA reserves in order to fund the works in 2015/16.
- 1.4 The underspend on repairs and maintenance was as a result of reductions in overheads, improved performance against new targets set as part of the new charging method introduced by Corporate Building Services because of Job Evaluation. Budgets for 2015/16 have been reduced to reflect the savings that the new process has achieved
- 1.5 Employees costs were less than planned due to current vacancies.

## **2. Reserves**

- 2.1 The opening balance for the year was £13.968m. With the surplus of £3.167m the closing balance is £17.135m. This is sufficient to fund the slippage of work in to 2015/16 and the £4.19m approved in February to fund this year's programme. Summary reserves position including revised usage for 2015/16 resulting from the capital slippage is set out in Table B in the Appendix.

## **3. Legal Implications**

- 3.1 There are no legal implications.

## **4. Equalities Implications**

- 4.1 There are no equalities implications arising from this report. Equality impact assessments are carried out in respect of HRA budgets at the time that budgets are approved.

**Background Papers – None**

**Appendix – Table A: Summarised HRA**

**Table A: Summarised HRA 2014/15**

<b>Classification</b>	<b>Revised Budget 2014/15</b>	<b>Actual 2014/15</b>
	£'000	£'000
<u>Expenditure</u>		
Management and Maintenance	27,057	25,559
Capital Charges	4,665	4,281
Revenue Funding for capital schemes	17,953	14,634
Negative subsidy	5,575	5,843
<b>Total Expenditure</b>	<b>55,250</b>	<b>50,317</b>
<u>Income</u>		
Rents and other income	53,800	53,484
Use of balances	1,450	-3,167
<b>Total Income</b>	<b>55,250</b>	<b>50,317</b>

**Table B: Movement in Balances 2014/15 to 2015/16**

<b>Description</b>	<b>£000's</b>
Actual balance at 1 <sup>st</sup> April 2014	13,968
Actual transfer to Reserves 2014/15	3,167
<b>Budgeted balance 31<sup>st</sup> March 2015</b>	<b>17,135</b>
Budgeted use 2015/16	-4,190
<b>Forecast balance 31<sup>st</sup> March 2016</b>	<b>12,945</b>

N.B. Actual usage in 2015/16 will dependent upon final Capital requirements including slippage of schemes from 2014/15.