

## Report of the Cabinet Member for Finance & Strategy

Cabinet - 21 July 2016

### REVENUE OUTTURN 2015/16 – 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 2015/16.
<b>Policy Framework:</b>	Budget plan 2015/16
<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 the variations detailed in the report are noted;
<b>Report Author:</b>	Sarah Willis
<b>Finance Officer:</b>	Sarah Willis
<b>Legal Officer</b>	Tracey Meredith
<b>Access to Services Officer:</b>	Sherill Hopkins

#### 1. Summary of HRA outturn for 2015/16.

- 1.1 The HRA showed a deficit of £1.902m compared with the original budgeted deficit as outlined in the report to members on 24<sup>th</sup> February 2015 of £4.190m. The summarised HRA is set out in Table A in the Appendix.
- 1.2 The main reason for this underspend and movement against original deficit of some £2.288m is set out below :-

Item	£m
Capital Charges	1.192
Reduction in Bad Debt provision	0.585
Reduced Premises Costs	0.395
Employees	0.100
Reduced Equipment costs	0.100
Other	-0.084
<b>Net underspend</b>	<b>2.288</b>

- 1.3 The reduced capital charges reflect the ongoing low interest environment where it is disadvantageous to the Authority to materially externalise its borrowing requirement

when it can better utilise internal capital. There is a strategy to monitor interest rates and average in the borrowing requirement over a period of time but inevitably as the need to fund the capital financing requirement increases so will the capital charges.

- 1.4 The reduction in the expected contribution to the bad debt provision arose because the impact of Welfare Reform has been slower than prudently expected, so the levels of outstanding debt are not as high as anticipated yet. Proactive rents arrears prevention and recovery also contributed to this.
- 1.5 The reduced premises costs arose mainly from being able to classify some repairs work as capital rather than revenue in nature, resulting in a saving to the revenue budget.

## **2. Reserves**

- 2.1 The opening balance for the year was £17.135m. With the final 2015/16 use of reserves of £1.902m the closing balance is £15.233m. The summary reserves position including budgeted usage for 2016/17 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:** Summarised HRA 2015/16

**Table A: Summarised HRA 2015/16**

<b>Classification</b>	<b>Original Budget 2015/16</b>	<b>Actual 2015/16</b>
	£'000	£'000
<u>Expenditure</u>		
Management and Maintenance	28,163	27,099
Capital Charges	8,277	7,085
Revenue Funding for capital schemes	24,093	24,093
<b>Total Expenditure</b>	<b>60,533</b>	<b>58,277</b>
<u>Income</u>		
Rents and other income	56,343	56,375
Use of balances	4,190	1,902
<b>Total Income</b>	<b>60,533</b>	<b>58,277</b>

**Table B: Movement in Balances 2015/16 to 2016/17**

<b>Description</b>	<b>£000's</b>
Actual balance at 1 <sup>st</sup> April 2015	17,135
Actual transfer from Reserves 2015/16	-1,902
<b>Actual balance 31<sup>st</sup> March 2016</b>	<b>15,233</b>
Budgeted use 2016/17	-5,781
<b>Forecast balance 31<sup>st</sup> March 2017</b>	<b>9,452</b>

N.B. Actual usage in 2016/17 will be dependent upon final Capital requirements including slippage of schemes from 2015/16.