



## Report of the Section 151 Officer

Cabinet – 19 July 2018

### Revenue Outturn 2017/18 – 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 2017/18. |
| <b>Policy Framework:</b>           | Budget plan 2017/18   |
| <b>Consultation:</b>               | Cabinet Members, Executive Board, Legal and Access to Services.   |
| <b>Recommendations:</b>            | It is recommended that<br><br>(a) the variations detailed in the report are noted;                                      |
| <b>Report Author:</b>              | Ben Smith   |
| <b>Finance Officer:</b>            | Ben Smith   |
| <b>Legal Officer</b>               | Tracey Meredith   |
| <b>Access to Services Officer:</b> | Sherill Hopkins   |

#### 1. Summary of HRA outturn for 2017/18.

- 1.1 The HRA showed a deficit of £3.039m compared with the original budgeted deficit as outlined in the report to members on 9<sup>th</sup> February 2017 of £2.395m. The summarised HRA is set out in Table A in the Appendix.
- 1.2 The main reason for this overspend and movement against original deficit of some £0.644m is set out below :-

| <b>Item</b>  | <b>£m</b>    |
|--|--------------|
| Increased contribution to fund capital expenditure | 1.891        |
| Increased management/revenue repairs costs         | 0.136        |
| Reduced capital charges                            | -0.904       |
| Reduction in Bad Debt provision                    | -0.335       |
| Additional income                                  | -0.144       |
| <b>Net overspend</b>                               | <b>0.644</b> |

- 1.3 The increased contribution to fund capital expenditure was as a result of the planned use of existing balances and savings from the current year as set out above to minimise the borrowing requirement.
- 1.4 The increase in management and revenue repairs costs was mainly due to increased costs for gas maintenance and additional RPP and Painting works.
- 1.5 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 alongside a slippage within the planned HRA capital programme.
- 1.6 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.
- 1.7 The additional income was as a result of the allocation of the week 53 rent income apportionment.

## **2. Reserves**

- 2.1 The opening balance for the year was £9.820m. With the final 2017/18 use of reserves of £3.039m the closing balance is £6.781m. The summary reserves position including budgeted usage for 2018/19 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

**Appendices:** Appendix A – Summarised HRA 2017/18 / Movement in Balances 2017/18 to 2018/19

**Table A: Summarised HRA 2017/18**

| <b>Classification</b>               | <b>Original Budget 2017/18</b> | <b>Actual 2017/18</b> |
|-------------------------------------|--------------------------------|-----------------------|
|                                     | £'000                          | £'000                 |
| <u>Expenditure</u>                  |                                |                       |
| Management and Maintenance          | 28,640                         | 28,441                |
| Capital Charges                     | 10,206                         | 9,302                 |
| Revenue Funding for capital schemes | 24,459                         | 26,350                |
| <b>Total Expenditure</b>            | <b>63,305</b>                  | <b>64,093</b>         |
| <u>Income</u>                       |                                |                       |
| Rents and other income              | 60,910                         | 61,054                |
| Use of balances                     | 2,395                          | 3,039                 |
| <b>Total Income</b>                 | <b>63,305</b>                  | <b>64,093</b>         |

**Table B: Movement in Balances 2017/18 to 2018/19**

| <b>Description</b>                                 | <b>£000's</b> |
|--|---------------|
| Actual balance at 1 <sup>st</sup> April 2017       | 9,820         |
| Actual transfer from Reserves 2017/18              | 3,039         |
| <b>Actual balance 31<sup>st</sup> March 2018</b>   | <b>6,781</b>  |
| Budgeted use 2018/19                               | -97           |
| <b>Forecast balance 31<sup>st</sup> March 2019</b> | <b>6,684</b>  |

N.B. Actual usage in 2018/19 will be dependent upon final Capital requirements including slippage of schemes from 2017/18.