



## Report of the S151 Officer

Cabinet - 18 July 2019

### Revenue Outturn 2018/19 – 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 2018/19.
<b>Policy Framework:</b>	Budget 2018/19
<b>Consultation:</b>	Corporate Management Team, 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 2018/19.

- 1.1 The HRA showed a deficit of £0.625m compared with the original budgeted deficit as outlined in the report to members on 6th March 2018 of £0.097m. 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 £0.528m is set out below:-

Item	£m
Planned increased contribution to fund capital expenditure	3.029
Reduced management/revenue repairs costs	-0.434
Reduced capital charges	-1.349
Increase in Bad Debt provision	0.131
Additional income	-0.849
<b>Net overspend</b>	<b>0.528</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 decrease in management and revenue repairs costs was mainly due to lower than expected employee costs and additional Capital fee income partially offset by an increase in the cost of revenue repairs.
- 1.5 The previously adopted treasury management strategy of 'internalising' the HRA capital financing requirement has been beneficial to the HRA in recent years. However to mitigate: the ongoing Brexit risks, the increasing interest rate environment and working cashflow requirements, it was determined prudent to externally fund the capital financing requirement by PWLB borrowing at historically low interest rates. The underspend in capital charges in year is as a result of material slippage in the capital programme.
- 1.6 The increase in the contribution to the bad debt provision arose because of the impact of Universal Credit which has led to an increase in rent arrears.
- 1.7 The additional income was due to a number of factors, namely as a result of the allocation of the week 53 rent income apportionment, the receipt of an Affordable Housing Grant from Welsh Government which was not anticipated until 2019/20, and lower void numbers.

## **2. Reserves**

- 2.1 The opening balance for the year was £6.781m. With the final 2018/19 use of reserves of £0.625m the closing balance is £6.156m. The summary reserves position including budgeted usage for 2019/20 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

**Table A: Summarised HRA 2018/19**

<b>Classification</b>	<b>Original Budget 2018/19</b>	<b>Actual 2018/19</b>
	£'000	£'000
<u>Expenditure</u>		
Management and Maintenance	29,657	29,354
Capital Charges	11,085	9,736
Revenue Funding for capital schemes	24,471	27,500
<b>Total Expenditure</b>	<b>65,213</b>	<b>66,590</b>
<u>Income</u>		
Rents and other income	65,116	65,965
Use of balances	97	625
<b>Total Income</b>	<b>65,213</b>	<b>66,590</b>

**Table B: Movement in Balances 2018/19 to 2019/20**

<b>Description</b>	<b>£000's</b>
Actual balance at 1 <sup>st</sup> April 2018	6,781
Actual transfer from Reserves 2018/19	-625
<b>Actual balance 31<sup>st</sup> March 2019</b>	<b>6,156</b>
Budgeted use 2019/20	-403
<b>Forecast balance 31<sup>st</sup> March 2020</b>	<b>5,753</b>

N.B. Actual usage in 2019/20 will be dependent upon final Capital requirements including slippage of schemes from 2018/19.