



## Report of the Section 151 Officer

Cabinet – 17 June 2021

### Revenue Outturn 2020/21 – 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 2020/21.
<b>Policy Framework:</b>	Budget 2020/21. Transformation and Future Council (Sustainable Swansea –fit for the future)
<b>Consultation:</b>	Cabinet Members, Corporate Management Team, Legal Services and Access to Services.
<b>Recommendation(s):</b>	It is recommended that:  1) The comments and variations in this report be noted, and that the proposed reserve transfers of £903k detailed in Section 2.1 are approved.
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#### 1. Summary of HRA outturn for 2020/21.

- 1.1 The HRA showed a surplus of £0.903m compared with the original budgeted break even as outlined in the budget report to members on 18<sup>th</sup> February 2021. The summarised HRA is set out in Table A in the Appendix.
- 1.2 The main reason for this £0.903m underspend and movement against an original breakeven is set out below:-

<b>Item</b>	<b>£m</b>
Planned increased contribution to fund capital expenditure	2.715
Reduced management/revenue repairs costs	-1.665
Reduced capital charges	-0.407
Decrease in Bad Debt provision	-1.393
Additional income and grant	-0.291
Reduced Grant	0.138
<b>Net Underspend</b>	<b>0.903</b>

- 1.3 The increased contribution to fund capital expenditure was as a result of the 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 an underspend on revenue repairs as a result of the Covid pandemic and lower than expected employee costs, additional Capital fee income and an underspend on supplies and services.
- 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 projected increasing interest rate environment and working cashflow requirements, it was determined prudent to continue to externally fund the capital financing requirement by PWLB borrowing at historically low interest rates during the previous year in 2019/20. The underspend in capital charges in year (2020/21) is as a result of corresponding material slippage in the ambitious capital programme.
- 1.6 The reduction in the contribution to the bad debt provision arose because of lower than forecast rent arrears due to the support-led, pro-active approach of the Rent Arrears Team.
- 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, additional income from the Furnished Tenancy Scheme and lower void numbers.

## **2. Reserves**

- 2.1 The opening balance for the year was £5.341m. With the final 2020/21 transfer to reserves of £0.903m, the closing balance is £6.244m. The summary reserves position including budgeted usage for 21/22 is set out in Table B in the Appendix.

## **3. Legal Implications**

- 3.1 There are no legal implications.

## **4. Equalities Implications**

- 4.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations

(Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

4.2 The Well-being of Future Generations (Wales) Act 2005 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

4.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

There are no 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 2020/21 & Table B: Movement in Balances 20/21 to 21/22

**Table A: Summarised HRA 2020/21**

<b>Classification</b>	<b>Original Budget 2020/21</b>	<b>Actual 2020/21</b>
	£'000	£'000
<u>Expenditure</u>		
Management and Maintenance	31,871	28,817
Capital Charges	10,508	10,101
Revenue Funding for capital schemes	26,457	29,172
Transfer to reserves		903
<b>Total Expenditure</b>	<b>68,836</b>	<b>68,993</b>
<u>Income</u>		
Rents and other income	68,494	68,785
Affordable Housing Grant	346	208
<b>Total Income</b>	<b>68,836</b>	<b>68,993</b>

**Table B: Movement in Balances 20/21 to 21/22**

<b>Description</b>	<b>£000's</b>
Actual balance at 1 <sup>st</sup> April 2020	5,341
Actual transfer to Reserves 2020/21	903
<b>Actual balance 31<sup>st</sup> March 2021</b>	<b>6,244</b>
Budgeted use 2021/22	0
<b>Forecast balance 31<sup>st</sup> March 2022</b>	<b>6,244</b>

N.B. Actual usage in 2021/22 will be dependent upon final Capital requirements including slippage of schemes from 2020/21.