



Report of the Director of Finance & S151 Officer

Cabinet – 18 July 2024

Revenue Outturn 2023/24 – Housing Revenue Account [HRA]

Purpose:	This report details the City and County of Swansea's HRA outturn compared with the approved revenue budget for 2023/24.
Policy Framework:	Budget 2023/24. Transformation and Future Council (Sustainable Swansea – fit for the future)
Consultation:	Cabinet Members, Corporate Management Team, Legal and Access to Services.
Recommendation(s):	It is recommended that: 1) The comments and variations in this report be noted, and that the proposed reserve transfers of £5.890m detailed in Section 2.1 are approved.
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1. Summary of HRA outturn for 2023/24.

- 1.1 The HRA showed a surplus of £5.890m compared with the original budgeted deficit as outlined in the budget report to members on 2nd March 2024 of £3.578m. 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,£9.468m is set out below:-

Item	£m
Increased Revenue Repairs Costs	4.789
Reduced Contribution to Fund Capital Expenditure	-11.423
Increased Income	-1.750
Decrease in Bad Debt Provision	-0.667
Increased Finance Charges	0.019
Reduced Housing Management Costs	-0.436
Net Surplus	-9.468

- 1.3 The increase in revenue repairs costs was mainly due to planned overspend of £3.1m for day-to-day repairs as a result of higher than anticipated building inflation and dealing with the backlog of repairs due to Covid. In addition, repairs to void properties overspent by £1.4m as additional resources in the form of a new contractors has been sourced. Again, this was done in a planned way in an attempt to reduce the number of void properties and increase the numbers of properties available to let in response to high demand for housing. There was a further overspend in relation to electrical repairs and Gas servicing however some have been partly offset by underspends on Repairs Prior to Painting and Grounds Maintenance.
- 1.4 The reduction in the contribution to fund capital expenditure was as a result of slippage on the 2023/24 Capital Programme and the use of £1.6m of Commuted Sum income to fund Affordable Housing acquisitions.
- 1.5 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 increased investment income.
- 1.6 The Finance Charges were roughly as expected as it was already anticipated that there would be no additional borrowing due to slippage on the Capital Programme.
- 1.7 The reduction in the contribution to the bad debt provision arose as despite rent arrears increasing, this was lower than forecast due to the support-led, pro-active approach of the Rent Arrears Team.
- 1.8 The reduction in Management Costs was mainly due to lower than anticipated employee costs resulting from overbudgeting the anticipated pay award and periods of vacancy.
- 1.9 From December 2023, the Renting Homes (Wales) Act 2016 brought into effect a change in rights for tenants and increased safety responsibilities for landlords. This has potential financial implications for the Housing Revenue Account, however this cannot be reliably estimated until there is further guidance. The council is taking legal advice to clarify its responsibilities and remedial actions

2. Reserves

- 2.1 The opening balance for the year was £10,408m. With the final 2023/24 transfer to reserves of £5.890m, the closing balance is £16.298m. The summary reserves position including budgeted usage for 24/25 is set out in Table B in the Appendix.

3. Legal Implications

3.1 There are no legal implications.

4. Integrated Assessment 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.

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'.

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.

4.2 There are no implications arising from this report. The HRA Revenue budget was approved following the application of the corporate Equality Impact Assessment (EIA) process throughout the Budget setting process. This process has since been replaced with IIA's. It is essential where service levels are affected by changes to the Revenue Budgets (including savings options) that the IIA process (alongside consultation and engagement as appropriate) is applied to ensure due regard is paid to the potential equality impacts of any proposals prior to decision making.

Background Papers: None

Appendices – Appendix A - Table A: Summarised HRA 2023/24 / Table B: Movement in Balances 23/24 to 24/25

Table A: Summarised HRA 2023/24

Classification	Original Budget 2023/24	Actual 23/24
	£'000	£'000
<u>Expenditure</u>		
Management and Maintenance	40,907	44,593
Capital Charges	10,121	10,140
Revenue Funding for capital schemes	29,899	18,476
Total Expenditure	80,927	73,209
<u>Income</u>		
Rents and other income	77,003	78,753
Affordable Housing Grant	346	346
Transfer to/from Reserves	3,578	-5,890
Total Income	80,927	73,209

Table B: Movement in Balances 23/24 to 24/25

Description	£000's
Actual balance at 1 st April 2023	10,408
Actual transfer to Reserves 2023/24	5,890
Actual balance 31st March 2024	16,298
Budgeted transfer from Reserves 2024/25	-4,906
Forecast balance 31st March 2025	11,392

N.B. Actual usage in 2024/25 will be dependent upon final Capital requirements including slippage of schemes from 2023/24.