

Report of the Section 151 Officer

Cabinet - 20 July 2017

REVENUE OUTTURN 2016/17 – HOUSING REVENUE ACCOUNT [HRA]

Purpose:	This report details the City and County of Swansea's HRA outturn compared with the approved revenue budget for 2016/17.
Policy Framework:	Budget plan 2016/17
Consultation:	Cabinet Members, Executive Board, Legal and Access to Services.
Recommendations:	It is recommended that (a) the variations detailed in the report are noted;
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1. Summary of HRA outturn for 2016/17.

- 1.1 The HRA showed a deficit of £5.412m compared with the original budgeted deficit as outlined in the report to members on 25th February 2016 of £5.781m. 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 £0.369m is set out below :-

Item	£m
Capital Charges	-0.956
Reduction in Bad Debt provision	-0.579
Reduced Responsive Repairs	-0.279
Equipment purchases	-0.153
Increased contribution to fund capital expenditure	2.300
Additional Income	-0.597
Other reduced management costs	-0.105
Net underspend	-0.369

- 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 alongside a slippage within the planned HRA capital programme

- 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 reduction in responsive maintenance costs was mainly due to reduced demand for day to day and void repairs which was partly offset by increased costs for Gas Maintenance and RPP and Painting works.
- 1.6 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.
- 1.7 The additional income was as a result of the allocation of the week 53 rent income apportionment as well as higher than budgeted sheltered management fee income.

2. Reserves

- 2.1 The opening balance for the year was £15.233m With the final 2016/17 use of reserves of £5.412m the closing balance is £9.821m. The summary reserves position including budgeted usage for 2017/18 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: Summarised HRA 2016/17

Table A: Summarised HRA 2016/17

Classification	Original Budget 2016/17	Actual 2016/17
	£'000	£'000
<u>Expenditure</u>		
Management and Maintenance	28,360	27,244
Capital Charges	9,883	8,927
Revenue Funding for capital schemes	25,700	28,000
Total Expenditure	63,943	64,171
<u>Income</u>		
Rents and other income	58,162	58,759
Use of balances	5,781	5,412
Total Income	63,943	64,171

Table B: Movement in Balances 2016/17 to 2017/18

Description	£000's
Actual balance at 1 st April 2016	15,233
Actual transfer from Reserves 2016/17	-5,412
Actual balance 31st March 2017	9,821
Budgeted use 2017/18	-2,395
Forecast balance 31st March 2018	7,426

N.B. Actual usage in 2017/18 will be dependent upon final Capital requirements including slippage of schemes from 2016/17.