



Report of the S151 Officer

Cabinet – 16 July 2020

Revenue Outturn 2019/20 – Housing Revenue Account [HRA]

Purpose:	This report details the City and County of Swansea's HRA outturn compared with the approved revenue budget for 2019/20.
Policy Framework:	Budget 2019/20. Transformation and Future Council (Sustainable Swansea – Fit for the Future)
Consultation:	Cabinet Members, Corporate Management Team, Legal Services 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 detailed in Section 2.1 are approved.
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1. Summary of HRA outturn for 2019/20.

- 1.1 The HRA showed a deficit of £0.815m compared with the original budgeted deficit as outlined in the report to members on 28th March 2019 of £0.403m. 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 £0.412m is set out below :-

Item	£m
Planned increased contribution to fund capital expenditure	4.001
Reduced management/revenue repairs costs	-1.551
Reduced capital charges	-0.771
Decrease in Bad Debt provision	-0.173
Additional income and grant	-1.094
Net overspend	0.412

- 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, additional Capital fee income and an underspend on 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 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 2018/19. The underspend in capital charges in year (2019/20) 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 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 £6.156m. With the final 2019/20 use of reserves of £0.815m the closing balance is £5.341m. The summary reserves position including budgeted usage for 2020/21 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 Public Sector Equality Duty (Wales) 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 Act.
- 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.

4.2 Our Equality Impact Assessment process ensures that we have paid due regard to the above.

4.3 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 2019/20 & Movement in Balances 2019/20 to 2020/21

Table A: Summarised HRA 2019/20

Classification	Original Budget 2019/20	Actual 2019/20
	£'000	£'000
<u>Expenditure</u>		
Management and Maintenance	31,059	29,335
Capital Charges	10,669	9,898
Revenue Funding for capital schemes	25,499	29,500
Total Expenditure	67,227	68,733
<u>Income</u>		
Rents and other income	66,616	67,572
Affordable Housing Grant	208	346
Use of balances	403	815
Total Income	67,227	68,733

Table B: Movement in Balances 2019/20 to 2020/21

Description	£000's
Actual balance at 1 st April 2019	6,156
Actual transfer from Reserves 2019/20	-815
Actual balance 31st March 2020	5,341
Budgeted use 2020/21	0
Forecast balance 31st March 2021	5,341

N.B. Actual usage in 2020/21 will be dependent upon final Capital requirements including slippage of schemes from 2019/20.