

THE VALE OF GLAMORGAN COUNCIL

CABINET: 24TH JANUARY, 2022

REFERENCE FROM CORPORATE PERFORMANCE AND RESOURCES
SCRUTINY COMMITTEE: 22ND DECEMBER, 2021

“709 INITIAL HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS
2022/23 AND REVISED BUDGET 2021/22 (REF) –

The reference from Cabinet on 22nd November, 2021 was outlined by the Interim Head of Finance.

The amended budget for 2021/22 included a significant change from a surplus of £25k to a deficit of £11.085m, the reason for this was at the end of 2021, the HRA reserve was higher than projected due to the underspend in the year. Therefore, in order to bring the level of the reserve back in line with the projected level in the business plan, there would be a need to increase revenue spending through an increase in the revenue contributions to fund capital expenditure and by doing this the additional expenditure would be drawn down from the HRA reserve thus bringing it back in line to where the Council had planned.

There was also a change in the increase of bad debt / doubtful debt provision (the amount had reduced) and in the Capital Expenditure funded from the Revenue Account (CERA), recalculated at £18.786m, which was an increase of £12.394m.

In terms of the proposed budget for 2022/23, the level of the rent increase was not yet known as the rent policy had not been received from WG at this time but would be included in the final report.

The final report would go to Cabinet in February and would go to full Council in March and at the same time the Housing Business Plan, which would be revised, would also go to Cabinet in February, and would need Council approval in March.

Following the presentation of the report, the subsequent comments and questions were raised by the Committee:

- Councillor Dr Johnson asked about whether the CERA contributions would be made as the reserves had amassed over the last few years at year end, and it was explained that the current projected spend for HRA was £31m and so it was proposed that CERA would go up to £18.7m and therefore less loans would need to be raised.
- On the Councillor's other question concerning bad debt provision, the explanation given was that the figure had been revised when looking at the annual projection and the Council would be looking to reduce it from the 6%

shown on the Housing Business Plan (originally set to that level due to the uncertainty on welfare reforms) to 3 %.

- The Councillor and Chair asked if the Committee could be updated regularly on the position of the CERA and the HRA reserve going forward, such as in March 2022, at the end of the financial year.

Scrutiny Committee, having considered the report and all the issues and implications contained therein

RECOMMENDED –

- (1) T H A T Cabinet be informed of the comments of the Committee on the initial Housing Revenue Account budget proposal for 2022/23.
- (2) T H A T the Corporate Performance and Resources Scrutiny Committee receive an update in March 2022 on the status of the Capital Expenditure funded from the Revenue Account (CERA).

Reasons for recommendations

- (1) In order that Cabinet be informed of the comments of Scrutiny Committee before making a final proposal on the budget.
- (2) That the Corporate Performance and Resources Scrutiny Committee be updated on the status of CERA.”