

**HOUSING REVENUE ACCOUNT**

<b>2004-05</b> <b>£000</b>			<b>2005-06</b> <b>£000</b>
	<b>INCOME</b>		
(17,957)	Rents from Dwellings (gross)		(18,969)
(468)	Rents from Non-Dwellings (gross)		(484)
(2,038)	Charges for Services and Facilities		(1,534)
(2,031)	Contributions towards Expenditure		(1,899)
<b>(22,494)</b>			<b>(22,886)</b>
	<b>EXPENDITURE</b>		
4,871	Repairs and Maintenance		4,005
9,329	Supervision and Management		9,019
224	Rents, Rates, Taxes and Other Charges		184
-	Rent Rebates		-
4,033	Negative Subsidy - Payment to Secretary of State	Note 9	4,212
158	Increase in Provision for Bad and Doubtful Debts		189
12,072	Cost of Capital Charge	Note 6	10,367
3,703	Depreciation and Impairment of Fixed Assets	Note 8	3,869
330	Amortisation of Deferred Charges	Note 4	650
2	Debt Management Costs		3
<b>34,722</b>			<b>32,498</b>
<b>12,228</b>	<b>NET COST OF SERVICES</b>		<b>9,612</b>
(12,134)	Asset Management Revenue Account	Note 8	(10,689)
157	Transfers from General Fund as directed by the Secretary of State	Note 9	89
(16)	HRA Investment Income		
(88)	- Mortgage Interest		(14)
	- Interest on notional Cash Balances		(50)
<b>147</b>	<b>NET OPERATING EXPENDITURE</b>		<b>(1,052)</b>
1,309	Direct Revenue Funding of Capital Expenditure	Note 4	352
-	HRA Contribution to Minimum Repayment Provision		-
(150)	Transfer to / (from) Major Repairs Reserve	Note 3	(184)
<b>1,306</b>	<b>DEFICIT (SURPLUS) FOR YEAR</b>		<b>(884)</b>
<b>(2,011)</b>	<b>HRA Balance - Brought Forward</b>	Note 11	<b>(705)</b>
<b>(705)</b>	<b>HRA Balance - Carried Forward</b>	Note 11	<b>(1,589)</b>

***HOUSING REVENUE ACCOUNT***

**1. GENERAL**

The Housing Revenue Account results from the statutory obligation to account separately for the income and expenditure relating to the provision of council housing. It shows the major elements of housing expenditure on maintenance, management, negative subsidy and capital financing costs and how these are met from rents, service charges and other income.

**2. HOUSING STOCK ANALYSIS**

As at 31 March 2006, 4,887 equivalent number of dwellings were managed in the HRA (4,902 as at 31 March 2005). The number and type of dwellings comprising the Council's housing stock can be summarised as follows;

	<b>As at 31<sup>st</sup> March 2005</b>	<b>As at 31<sup>st</sup> March 2006</b>
Flats		
- low rise (up to 2 storeys)	981	981
- medium rise (3-5 storeys)	2,127	2,116
- high rise (6+ storeys)	456	456
	<b>3,564</b>	<b>3,553</b>
Houses and Bungalows	1,280	1,277
Equivalent number of dwellings for multi-occupied premises (hostels)	33	33
Shared Ownership	25	24
<b>Total Stock (all dwellings)</b>	<b>4,902</b>	<b>4,887</b>

**Asset Valuations: Value of land, houses and other property managed within the HRA**

	<b>Balance Sheet Values</b>	
	<b>As at 31<sup>st</sup> March 2005 £000</b>	<b>As at 31<sup>st</sup> March 2006 £000</b>
Operational Assets		
- Dwellings	368,922	290,319
- Land and other property	7,459	5,893
Non-Operational Assets	428	1,632
	<b>376,809</b>	<b>297,844</b>
Vacant possession valuation		
- Dwellings	<b>773,389</b>	<b>755,273</b>

The valuation of the stock is in accordance with the Department for Communities and Local Government (DCLG), formerly the Office of the Deputy Prime Minister (ODPM), guidance on 'Guidance on Stock Valuation for Resource Accounting'.

The basis of valuation for operational property is Existing Use Value for non-housing property and Existing Use Value for Social Housing for housing property. The DCLG has now prescribed that in 2005-06 the Existing Use Value for Social Housing should be 37% of the Existing Use Value. In 2004-05 and previous years this percentage was 47%.

The basis for non-operational property is Open Market Value. The variance between the Balance Sheet Value and the Vacant Possession value of the dwellings shows the economic cost to Government of providing council housing at less than open market rents.

***HOUSING REVENUE ACCOUNT***

**3. MAJOR REPAIRS RESERVE**

An analysis of the movement on the Major Repairs Reserve for the financial years 2004-05 and 2005-06

	<b>2004-05 £000</b>	<b>2005-06 £000</b>
Balance brought forward 1 <sup>st</sup> April	-	-
Contribution to Reserve	(3,703)	(3,869)
Contribution towards Capital Expenditure	3,553	3,685
Transfer to / from Revenue	150	184
Balance carried forward 31 <sup>st</sup> March	-	-

**4. HRA CAPITAL EXPENDITURE**

	<b>2004-05 £000</b>	<b>2005-06 £000</b>
Capital Expenditure for the Year		
- Council Dwellings	3,886	5,664
- Other Land and Buildings, Vehicles	454	16
- Deferred Charges	330	650
<b>Total Capital Expenditure</b>	<b>4,670</b>	<b>6,330</b>
Financed by;		
- Borrowing	-	(2,000)
- Government Grant	-	(83)
- Usable Capital Receipts	(53)	(210)
- Direct from Revenue	(1,309)	(352)
- Major Repairs Reserve	(3,553)	(3,685)
<b>Total Capital Financing</b>	<b>(4,915)</b>	<b>(6,330)</b>

Deferred Charges relate to capital expenditure for which no tangible asset is created. These include expenditure on grants given under the Tenant's Assisted Purchase Scheme and expenditure on feasibility studies undertaken to ascertain the medium to longer term investment requirements for the Council's total housing stock (including those needed to meet the government's Decent Homes policy).

\* With effect from 1<sup>st</sup> April 2004, the Prudential Code of Practice requires that capital expenditure be financed on an accrued basis and not a cash basis. The total financed in 2004-05 therefore includes amounts raised as accruals in 2003-04 of £245,000 as well as £393,000 of accruals raised in respect of 2004-05.

**5. SUMMARY OF TOTAL CAPITAL RECEIPTS**

	<b>2004-05 £000</b>	<b>2005-06 £000</b>
Sales of Council Houses	(1,848)	(580)
Sales of Leasehold Flats	(2,159)	(1,317)
Equity Sharing	(79)	(211)
Mortgage Receipts	(63)	(53)
Other Receipts	(25)	(46)
<b>Total Capital Receipts</b>	<b>(4,174)</b>	<b>(2,207)</b>

**HOUSING REVENUE ACCOUNT**

**6. COST OF CAPITAL CHARGED TO THE HOUSING REVENUE ACCOUNT**

In accordance with the Item 8 Credit and Item 8 Debit of the General Determination issued by the ODPM, the amount charged to the HRA was calculated as follows:

	<b>2004-05 £000</b>	<b>2005-06 £000</b>
Book value of operational assets 1 <sup>st</sup> April	344,915	296,212
<b>Cost of Capital Charge (3.5%)</b>	<b>12,072</b>	<b>10,367</b>
Other Capital Charges		
- HRA amount set aside for Debt Redemption	-	-
- Interest Payable	268	328
- Debt Management Expenses	2	3
<b>Other Capital Charges</b>	<b>270</b>	<b>331</b>

**7. TOTAL DEPRECIATION CHARGE FOR PROPERTY MANAGED WITHIN THE HRA**

	<b>2004-05 £000</b>	<b>2005-06 £000</b>
Operational Assets		
- Housing	3,553	3,685
- Non-Housing	150	184
- Non-Operational Assets	-	-
<b>Total Depreciation</b>	<b>3,703</b>	<b>3,869</b>

All non-operational buildings are leased commercially therefore depreciation is not applicable.

**8. TRANSFERS TO AND FROM THE ASSET MANAGEMENT ACCOUNT (AMRA)**

	<b>2004-05 £000</b>	<b>2005-06 £000</b>
Interest Charge on Notional Debt	268	328
Fixed asset annual depreciation charge	3,703	3,869
Deferred Charges	(330)	(650)
Cost of Capital (notional interest)	(12,072)	(10,367)
Cost of Capital (depreciation)	(3,703)	(3,869)
<b>Transfer to HRA</b>	<b>(12,134)</b>	<b>(10,689)</b>

<b><i>HOUSING REVENUE ACCOUNT</i></b>
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**9. HRA NEGATIVE SUBSIDY PAYMENT TO SECRETARY OF STATE**

There have been a number of changes in the subsidy regulations from 2004-05 onwards.

The Council now pays negative Housing Subsidy to the Government of an amount equivalent to the surplus of income over expenditure on the notional HRA, as determined by the Department of Communities and Local Government (DCLG). Housing Benefits are now paid from the General Fund and reimbursed by the Department for Work and Pensions. The Council has sought a Direction from the Secretary of State that an amount of £89,000 for 2005-06 (and £157,000 for 2004-05) can be paid by the HRA to the General Fund under the transitional arrangements in respect of this transfer. To date, no response to this request has been received, and therefore a provision of £246,000 has been raised in the General Fund.

**NOTIONAL HOUSING REVENUE ACCOUNT AND CALCULATION OF HOUSING SUBSIDY**

	2004-05 £000	2005-06 £000
<b>Expenditure</b>		
Management and Maintenance (notional)	7,741	8,143
Rent Rebates (actual)	-	-
Capital Financing (notional)	1,154	1,340
Major Repairs Allowance	3,703	3,685
Admissible Allowance	105	-
Anti Social Behaviour Allowance	1	-
	12,704	13,168
<b>Income</b>		
Notional Income from Rents	(16,713)	(17,371)
Notional Income from Mortgage Interest on sales of former HRA dwellings	(24)	(9)
	(4,033)	(4,212)
<b>Housing Subsidy due for the year</b>	<b>(4,033)</b>	<b>(4,212)</b>

**10. GROSS RENT ARREARS OF PROPERTIES MANAGED IN THE HRA**

This is the arrears on the income due to the Council for the year from rent charges in respect of dwellings and other property managed within the account and is shown before rent rebates.

	31 <sup>st</sup> March 2005 £000	31 <sup>st</sup> March 2006 £000
<b>Gross Rent Arrears</b>	1,864	1,912
Amount written off in the year	67	160
Provision for Bad Debts	(1,339)	(1,367)

**11. HRA WORKING BALANCE**

The HRA working balance is available to meet a deficit on the HRA in future years. However, part of the HRA balance has been earmarked for specific rather than general use, as shown by the table below.

	31 <sup>st</sup> March 2005 £000	31 <sup>st</sup> March 2006 £000
HRA Working Balance - Unallocated	648	1,094
HRA Working Balance - Earmarked	57	495
<b>Overall HRA Working Balance</b>	<b>705</b>	<b>1,589</b>