

Statement of Accounts 2005 -2006

STATUTORY HOUSING REVENUE ACCOUNT FOR YEAR ENDED 31 MARCH 2006

2004/05 £'000		Notes	2005/06 £'000
Income			
56,808	Dwelling Rents	1	58,021
550	Non-dwelling Rents	2	618
2,267	Charges for Services & Facilities	3	2,477
604	Contributions towards Expenditure	4	645
5,845	Housing Revenue Account Subsidy	5	7,585
0	Housing Benefit Transfers		0
66,074	Total Income		69,346
Expenditure			
12,787	Repairs & Maintenance	6	13,168
15,313	Supervision & Management		15,413
100	Rents, Rates, Taxes and Other Charges		28
500	Contribution to Bad Debts Provision	7	234
19,900	Cost of Capital Charge	8	26,307
13,418	Depreciation of Fixed Assets	9	13,480
33	Debt Management Costs		25
1,377	Transfer to General Fund	10	528
63,428	Total Expenditure		69,183
-2,646	Net Cost of Services		-163
-7,593	Asset Management Revenue Account Adjustment	11	-11,944
0	Transfer from General Fund		0
-1,090	HRA Investment Income	12	-1,268
-11,329	Net Operating Expenditure / Income(-)		-13,375
Appropriations			
4,222	Revenue Contributions to Capital Expenditure	13	13,487
2,828	HRA Contribution to Minimum Revenue Provision	14	0
-78	Transfer to / from Major Repairs Reserve	15	-105
-1,018	Transfer to / from (-) Other Reserves	16	-4
-5,375	Surplus(-) / Deficit for the year		3
Housing Revenue Account Balance			
-5,394	Surplus at 1 April		-10,769
-5,375	Surplus(-) / Deficit for the year		3
-10,769	Surplus at 31 March	17	-10,766

Under section 74 of the Local Government and Housing act 1989, the Council is required to maintain a separate account for transactions relating to the provision of council dwellings. This account shows the income to the Council in respect of rents, housing subsidy (income from the government), interest and charges. It also shows how that money is spent managing and maintaining properties and financing capital expenditure.

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NOTES TO THE HOUSING REVENUE ACCOUNT

1. Dwelling Rents

This is the total income due for the year after allowing for rent lost on void properties. In 2005/06 the void property rent loss was 1.31% compared with 1.46% in 2004/05.

2. Non Dwelling Rents

Rents from garages, shops and miscellaneous parcels of land.

3. Charges for Services and Facilities

Amounts charged to tenants in respect of items such as heating, lighting, caretaking, wardens etc.

4. Contributions towards Expenditure

Various contributions including:

- Tenants rechargeable repairs.
- Settlement of insurance claims.
- Defective Dwellings Loan Charge Grant from Central Government.

5. Housing Subsidy and Rent Rebates

This is the central government subsidy based on the deficit on the Notional Housing Revenue Account as analysed below:

2004/05 £'000		2005/06 £'000
	Expenditure	
27,153	Management & Maintenance	30,391
13,340	Major Repairs Allowance	13,375
8,795	Charges for Capital	8,440
10,981	ALMO Allowance	10,984
88	Admissible Allowance	59
1	Anti Social Behaviour Allowance	0
<u>60,358</u>	Total Expenditure	<u>63,249</u>
	Income	
54,312	Housing Rents	55,662
24	Interest Received	16
<u>54,336</u>	Total Income	<u>55,678</u>
6,022	Housing Subsidy due for the year	7,571
-177	Adjustments to previous years claims	14
<u>5,845</u>	Housing Subsidy shown in the accounts	<u>7,585</u>

6. Repairs and Maintenance

This is the cost of undertaking day to day responsive repairs to the properties within the HRA partially offset by an apportionment of the surplus earned by the Building DLO on providing the repairs service to the HRA.

7. Contribution to Bad Debts Provision

Contributions towards the HRA Bad Debt Provision amounted to £233,000 in 2005/06 compared to £500,000 in 2004/05.

Cumulative provisions for uncollectable debts are as follows:

	£'000
31 March 2005	3,232
31 March 2006	3,172

Rent Arrears are analysed below:

£'000	31 March 2005 %		£'000	31 March 2006 %
1,803	6.33	Current Tenants Arrears	1,581	5.38
2,279	8.00	Former Tenants Arrears	2,310	7.86
866	3.04	Overpaid Housing Benefit	996	3.39
<u>4,948</u>	<u>17.37</u>	Total Arrears	<u>4,887</u>	<u>16.63</u>

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NOTES TO THE HOUSING REVENUE ACCOUNT

8. Cost of Capital Charge

This is a charge based on 3.5% of the value of HRA operational assets and reflects the cost of capital tied up in housing assets.

Stock Numbers & Valuations

	1 April 2005	31 March 2006	Change Number	Change %
Houses				
1 Bedroom	2,416	2,412	-4	-0.17
2 Bedrooms	4,788	4,691	-97	-2.03
3 Bedrooms	10,814	10,508	-306	-2.83
4 or more Bedrooms	287	280	-7	-2.50
Total Houses	18,305	17,891	-414	-2.26
Flats				
1 Bedroom	3,370	3,326	-44	-1.31
2 Bedrooms	2,119	2,099	-20	-0.94
3 or more Bedrooms	80	80	0	0.00
Total Flats	5,569	5,505	-64	-1.15
Total Houses & Flats	23,874	23,396	-478	-2.00

The balance sheet value for HRA assets is as follows:

	1 April 2005 £'000	31 March 2006 £'000
Operational Assets - Dwellings	746,950	722,395
Operational Assets - Other	1,736	1,880
Non Operational Assets	3,369	3,788
Total HRA Assets	752,055	728,063

The dwelling values within the above table are on the basis of Social Housing Use.

The Vacant Possession Value of the dwellings within the HRA as at 1 April 2005 has been assessed at £1.56bn. The vacant possession value and balance sheet value of the dwellings within the HRA show the economic cost to Government of providing council housing at less than open market value.

9. Depreciation Charges

The depreciation charges for 2005/06 are as follows:

	£'000
Depreciation on Operational Assets - Dwellings	13,375
Depreciation on Operational Assets - Other Land and Buildings	61
Depreciation on Non - Operational Assets	44
Total Depreciation 2005/06	13,480

10. Transfer to General Fund as Directed by the Secretary of State

With effect from 1 April 2004 the responsibility for the payment of Rent Rebates has been transferred from the Housing Revenue Account to the General Fund. This transfer relates to the cost of Rent Rebates in excess of the limit set by the Secretary of State. The Council made the decision not to make any transfer from the HRA to the General Fund in respect of any HRA gain from the incentive area costs that are now a charge on the General Fund.

11. Asset Management Revenue Account Adjustment

The difference between the 3.5% Cost of Capital Charge and actual HRA interest charge.

12. HRA Investment Income

This comprises interest on cash balances and interest from HRA mortgage loans.

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NOTES TO THE HOUSING REVENUE ACCOUNT

13. Revenue Contributions to Capital Expenditure

There have been Revenue Contributions to Capital Expenditure of £13.5m in 2005/06. The sources of funding for the 2005/06 Capital Programme are shown below:

Capital Expenditure and Funding 2005/06	£'000
Capital Expenditure 2005/06	73,079
Funded by:	
Borrowing	39,500
Usable Capital Receipts	2,131
Other Grants and Contributions	249
Revenue Contributions to Capital Expenditure	13,487
Contributions from the Major Repairs Reserve	<u>17,712</u>
Total Funding 2005/06	<u>73,079</u>

Summary of Capital Receipts 2005/06	£'000
Disposal of Dwellings (Right to Buy)	16,912
Disposal of Land & Other Property	<u>1,815</u>
Total Capital Receipts 2005/06	<u>18,727</u>

14. HRA Contribution to Minimum Revenue Provision

The statutory requirement to make a provision for the repayment of debt was removed in 2004/05 and during 2005/06 the Council made the decision not to make a voluntary repayment of debt for the financial year 2005/06.

15. Transfer from Major Repairs Reserve

This transfer is in respect of depreciation on non-dwelling assets.

Major Repairs Reserve Movements (MRR) 2005/06	£'000
Opening Balance at 1 April 2005	6,456
Transfers INTO the MRR in 2005/06	13,480
Transfers FROM the MRR to the HRA in 2005/06	-105
Expenditure charged TO the MRR in 2005/06	<u>-17,712</u>
Closing Balance at 31 March 2006	<u>2,119</u>

16. Transfers to / from (-) Reserves

This represents the HRA portion of the value transferred to the revenue account from the central unaccrued Interest Reserve.

17. Surplus at 31 March 2006

This is the accumulated HRA surplus on the 31 March 2006 and includes the following earmarked balances:

	£'000
HRA Wk 53 Rent Fund	671
Concierge Equipment Fund	96
Tenants Contents Insurance Fund	77
Furniture Purchase Fund	<u>19</u>
TOTAL	<u>863</u>