

## STATUTORY HOUSING REVENUE ACCOUNT FOR YEAR ENDED 31 MARCH 2005

2003/04 £'000		Notes	2004/05 £'000
<b>Income</b>			
57,537	Dwelling Rents	1	56,808
539	Non-dwelling Rents	2	550
2,237	Charges for Services & Facilities	3	2,267
581	Contributions towards Expenditure	4	604
35,675	Housing Revenue Account Subsidy	5	5,845
120	Housing Benefit Transfers		0
<b>96,689</b>	<b>Total Income</b>		<b>66,074</b>
<b>Expenditure</b>			
13,182	Repairs & Maintenance	6	12,787
13,675	Supervision & Management		15,313
86	Rents, Rates, Taxes and Other Charges		100
33,801	Rent Rebates	5	0
473	Contribution to Bad Debts Provision	7	500
15,082	Cost of Capital Charge	8	19,900
13,357	Depreciation of Fixed Assets	9	13,418
44	Debt Management Costs		33
0	Transfer to General Fund	10	1,377
<b>89,700</b>	<b>Total Expenditure</b>		<b>63,428</b>
<b>-6,989</b>	<b>Net Cost of Services</b>		<b>-2,646</b>
-6,171	Asset Management Revenue Account Adjustment	11	-7,593
0	Transfer from Other Funds		0
-493	HRA Investment Income	12	-1,090
<b>-13,653</b>	<b>Net Operating Expenditure / Income(-)</b>		<b>-11,329</b>
<b>Appropriations</b>			
13,401	Revenue Contributions to Capital Expenditure	13	4,222
2,341	HRA Voluntary Contribution to Debt Repayment	14	2,828
-87	Transfer from Major Repairs Reserve	15	-78
839	Transfer to / from (-) Other Reserves	16	-1,018
<b>2,841</b>	<b>Surplus(-) / Deficit for the year</b>		<b>-5,375</b>
<b>Housing Revenue Account Balance</b>			
-8,235	Surplus at 1 April		-5,394
2,841	Surplus(-) / Deficit for the year		-5,375
<b>-5,394</b>	<b>Surplus at 31 March</b>	17	<b>-10,769</b>

Following a change in accounting practice a reserve has been created to fund previously unaccrued interest relating to loans taken out prior to 1986. This reserve totals £4.262m and following an assessment of the expenditure that these loans have been used to finance, £2.182m has been deemed to relate to the Housing Revenue Account.

The creation of this reserve has been treated as a prior period adjustment and accounted for by restating the opening balances on 1 April for the prior year.

# 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 2004/05 the void property rent loss was 1.46% compared with 1.66% in 2003/04.

## 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 HRA as analysed below:

2003/04 £'000		2004/05 £'000
	<b>Expenditure</b>	
24,718	Management & Maintenance	27,153
13,270	Major Repairs Allowance	13,340
11,682	Charges for Capital	8,795
5,830	ALMO Allowance	10,981
32,648	Rent Rebates	0
0	Admissible Allowance	88
0	Anti Social Behaviour Allowance	1
<b>88,148</b>	<b>Total Expenditure</b>	<b>60,358</b>
	<b>Income</b>	
52,423	Housing Rents	54,312
33	Interest Received	24
<b>52,456</b>	<b>Total Income</b>	<b>54,336</b>
<b>35,692</b>	<b>Housing Subsidy due for the year</b>	<b>6,022</b>
-17	Adjustments to previous years claims	-177
<b>35,675</b>	<b>Housing Subsidy shown in the accounts</b>	<b>5,845</b>

The Government issued legislation to transfer responsibility for Rent Rebates to the General Fund with effect from 1 April 2004. Payments made and subsidy received will therefore no longer appear in the accounts of the HRA from 2004/05 onwards.

## 6. Repairs and Maintenance

This is the cost of undertaking day to day responsive repairs to the properties within the HRA together with an apportionment of the losses sustained by the Building DLO on providing the repairs service to the HRA.

## 7. Contribution to Bad Debts Provision

Contributions towards the HRA Bad Debts Provision amounted to £500,000 in 2004/05 compared to £473,174 in 2003/04.

Cumulative provisions for uncollectable debts are as follows:

	£'000
31 March 2004	3,096
31 March 2005	3,232

Rent Arrears are analysed below:

31 March 2004			31 March 2005	
£'000	%		£'000	%
1,864	6.26	Current Tenants Arrears	1,803	6.33
2,337	7.85	Former Tenants Arrears	2,279	8.00
787	2.64	Overpaid Housing Benefit	866	3.04
<b>4,988</b>	<b>16.75</b>	<b>Total Arrears</b>	<b>4,948</b>	<b>17.37</b>

# 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 2004	31 March 2005	Change Number	Change %
<b>Houses</b>				
1 Bedroom	2,420	2,416	-4	-0.17
2 Bedrooms	4,893	4,788	-105	-2.15
3 Bedrooms	11,362	10,814	-548	-4.82
4 or more Bedrooms	299	287	-12	-4.01
<b>Total Houses</b>	<b>18,974</b>	<b>18,305</b>	<b>-669</b>	<b>-3.53</b>
<b>Flats</b>				
1 Bedroom	3,393	3,370	-23	-0.68
2 Bedrooms	2,131	2,119	-12	-0.56
3 or more Bedrooms	82	80	-2	-2.44
<b>Total Flats</b>	<b>5,606</b>	<b>5,569</b>	<b>-37</b>	<b>-0.66</b>
<b>Total Houses &amp; Flats</b>	<b>24,580</b>	<b>23,874</b>	<b>-706</b>	<b>-2.87</b>

The balance sheet value for HRA assets is as follows

	1 April 2004 £'000	31 March 2005 £'000
Operational Assets - Dwellings	563,456	746,950
Operational Assets - Other	1,798	1,736
Non Operational Assets	3,155	3,369
<b>Total HRA Assets</b>	<b>568,409</b>	<b>752,055</b>

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

Note: The vacant possession value of the dwellings within the HRA as at 1 April 2004 has been assessed at £1.32bn. 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

	£'000
Depreciation on Operational Assets - Dwellings	13,340
Depreciation on Operational Assets - Other	56
Depreciation on Non – Operational Assets	22
<b>Total Depreciation 2004/05</b>	<b>13,418</b>

## 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.

# NOTES TO THE HOUSING REVENUE ACCOUNT

## 13. Revenue Contributions to Capital Expenditure

There have been Revenue Contributions to Capital Expenditure of £4.2m in 2004/05. The sources of funding for the 2004/05 Capital Programme are shown below:

<b>Capital Expenditure and Funding 2004/05</b>		<b>£'000</b>
Capital Expenditure 2004/05		78,667
Funded by:		
Borrowing		39,500
Usable Capital Receipts		2,219
Other Grants and Contributions		1,089
Revenue Contributions to Capital Expenditure		4,222
Contributions from the Major Repairs Reserve		31,637
<b>Total Funding 2004/05</b>		<b>78,667</b>

<b>Summary of Capital Receipts 2004/05</b>		<b>£'000</b>
Disposal of Dwellings (Right to Buy)		20,522
Disposal of Land & Other Property		4,192
<b>Total Capital Receipts 2004/05</b>		<b>24,714</b>

## 14. HRA Voluntary Contribution to Debt Repayment

From 2004/05 the obligation to make a contribution to the Authority's MRP was abolished. However the Council have decided to make a voluntary repayment in the interests of prudence of £2.828m (equivalent of 2% of outstanding debt).

## 15. Transfer from Major Repairs Reserve

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

<b>Major Repairs Reserve Movements (MRR) 2004/05</b>		<b>£'000</b>
Opening Balance at 1 April 2004		24,753
Transfers INTO the MRR in 2004/05		13,418
Transfers FROM the MRR to the HRA in 2004/05		-78
Expenditure charged TO the MRR in 2004/05		-31,637
Closing Balance at 31 March 2005		6,456

## 16. Transfers to / from (-) Reserves

This represents income from the HRA Rent Reserve (value £839k) plus a number of smaller miscellaneous reserves (value £179k) that have now been moved back into revenue from the balance sheet. The Values are now earmarked balances within the surplus at 31 March 2005.

## 17. Surplus at 31 March 2005

This is the accumulated HRA surplus on the 31 March 2005 and includes the following earmarked balances:

		<b>£'000</b>
HRA Wk 53 Rent Fund		839
Concierge Equipment Fund		84
Tenants Contents Insurance Fund		76
Furniture Purchase Fund		19
<b>TOTAL</b>		<b>1,018</b>