

## **7. HOUSING REVENUE ACCOUNT**

### **Introduction**

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for the Council's housing provision, in accordance with Schedule 4 of the Local Government and Housing Act 1989 (England and Wales). Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund so that rents cannot be subsidised from council tax and vice versa.

Transactions relating to the HRA have been separated into two statements:

- HRA Income and Expenditure Statement
- Movement on the HRA Statement

### **HRA Income and Expenditure Statement**

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

### **Movement on the HRA Statement**

The overall objectives for the Movement on the HRA Statement, and the general principles for its construction, are the same as those generally for the Movement in Reserves Statement into which it is consolidated. The statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

# Housing Revenue Account Income and Expenditure Statement

	Notes	2015/16 £,000	2016/17 £,000
<b>Income</b>			
Dwelling Rents (gross)		(15,008)	<b>(14,918)</b>
Non-dwelling Rents (gross)		(240)	(222)
Charges for Services and Facilities		(588)	(619)
Re-imbusement of costs		(10)	(25)
Contributions towards Expenditure		0	0
Sums Directed by the Secretary of State that are Income in Accordance with IFRS		0	0
		<b>(15,846)</b>	<b>(15,783)</b>
<b>Expenditure</b>			
Repairs and Maintenance		2,776	2,983
Supervision and Management		2,840	2,812
Rents, Rates, Taxes and Other Charges		85	112
Increased Provision for Bad or Doubtful Debts	11	0	(195)
Depreciation	7	3,329	3,472
Impairment of Fixed Assets	8	(3,630)	0
Debt Management Costs		117	117
Sums Directed by the Secretary of State that are Expenditure in Accordance with IFRS		0	0
		<b>5,517</b>	<b>9,301</b>
<b>Net Cost of Services included in the Whole Authority Comprehensive Income and Expenditure Statement</b>		<b>(10,329)</b>	<b>(6,482)</b>
HRA Services Share of Corporate and Democratic Core		0	0
HRA Share of other Amounts Included in the Whole Authority Net Cost of Services but not Allocated to Specific Services		0	0
<b>Net Cost of HRA Services</b>		<b>(10,329)</b>	<b>(6,482)</b>
(Gain) or Loss on Sale of HRA Non-current Assets		5,894	(1,120)
Interest Payable and Similar Charges		2,844	2,833
HRA Interest and Investment Income		(35)	(117)
Accumulated Leave		4	4
Pension Interest Cost and Expected Return on Pension Assets	9	84	88
Capital Grants and Contributions Receivable	5	0	0
<b>(Surplus) or Deficit for the Year on HRA Services</b>		<b>(1,538)</b>	<b>(4,795)</b>

## Movement on the HRA Statement

	Notes	2015/16 £,000	2016/17 £,000
<b>Balance on the HRA at the End of the Previous Year</b>		<b>(4,111)</b>	<b>(5,815)</b>
(Surplus) or Deficit for the Year on the HRA Income and Expenditure Statement		(1,538)	(4,795)
<b>Adjustments between Accounting Basis and Funding Basis under Statute</b>			
Depreciation	7	(3,329)	(3,472)
Impairment / Revaluation Loss	8	3,630	0
(Gain) / Loss on Disposal		(5,894)	1,120
Reversal of Accumulating Absences		(4)	(4)
Capital expenditure funded by the HRA (adjusted against the Capital Adjustment Account)	5	4,554	4,857
Capital expenditure funded by capital grant (adjusted against the Capital Adjustment Account)	5	0	0
Transfer to the Capital Adjustment Account for voluntary debt repayment		912	2,564
HRA Share of Contributions (to) or from the Pensions Reserve	9	(84)	(88)
Transfer to Usable Capital Receipts		0	89
Reversal of Financial Instrument Amortisation		1	1
<b>Net (Increase) or Decrease in the HRA Balance before Transfers to or from Reserves</b>		<b>(1,752)</b>	<b>272</b>
Transfer to Capital Reserves		1,272	2,007
Transfers to or (from) the Major Repairs Reserve	4	(1,225)	(1,385)
<b>(Increase) or Decrease in Year on the HRA</b>		<b>(1,705)</b>	<b>894</b>
<b>Housing Revenue Account Balance Carried Forward</b>		<b>(5,815)</b>	<b>(4,921)</b>

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