

## 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	2016/17 £,000	2017/18 £,000
<b>Income</b>			
Dwelling rents (gross)		(14,918)	(14,544)
Non-dwelling rents (gross)		(222)	(211)
Charges for services and facilities		(619)	(603)
Re-imbursement of costs		(25)	(9)
		<b>(15,783)</b>	<b>(15,367)</b>
<b>Expenditure</b>			
Repairs and maintenance		2,983	2,796
Supervision and management		2,812	3,105
Rents, rates, taxes and other charges		112	157
Increased provision for bad or doubtful debts	11	(195)	116
Depreciation	7	3,472	3,585
Revaluation or impairment of fixed assets		0	82
Debt management costs		117	117
		<b>9,301</b>	<b>9,958</b>
<b>Net Cost of HRA Services</b>		<b>(6,482)</b>	<b>(5,409)</b>
(Gain) or loss on sale of HRA non-current assets		(1,120)	(1,227)
Interest payable and similar charges		2,833	2,796
HRA interest and investment income		(117)	(30)
Accumulated leave		4	(2)
Pension interest cost and expected return on pension assets	9	88	176
<b>(Surplus) or Deficit for the Year on HRA Services</b>		<b>(4,795)</b>	<b>(3,697)</b>

# Movement on the HRA Statement

	Notes	2016/17 £,000	2017/18 £,000
<b>Balance on the HRA at the End of the Previous Year</b>		<b>(5,815)</b>	<b>(4,923)</b>
(Surplus) or deficit for the year on the HRA income and expenditure statement		(4,795)	(3,697)
<b>Adjustments between Accounting Basis and Funding Basis under Statute</b>			
Depreciation	7	(3,472)	(3,585)
Impairment / revaluation loss		0	(82)
(Gain) / loss on disposal		1,120	1,227
Reversal of accumulating absences		(4)	2
Capital expenditure funded by the HRA (adjusted against the capital adjustment account)	5	4,857	5,516
Transfer to the capital adjustment account for voluntary debt repayment		2,564	1,828
HRA share of contributions (to) or from the pensions reserve	9	(88)	(176)
Transfer to usable capital receipts		89	0
Reversal of financial instrument amortisation		1	1
<b>Net (Increase) or Decrease in the HRA Balance before Transfers to or from Reserves</b>		<b>272</b>	<b>1,034</b>
Transfer to capital reserves		2,007	1,763
Transfers to or (from) the major repairs reserve	4	(1,385)	(1,931)
<b>(Increase) or Decrease in Year on the HRA</b>		<b>894</b>	<b>866</b>
<b>Housing Revenue Account Balance Carried Forward</b>		<b>(4,921)</b>	<b>(4,057)</b>

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