

HRA INCOME AND EXPENDITURE ACCOUNT

Actual 2005/06 £'000		Notes	Actual 2006/07 £'000
	INCOME		
(16,625)	Dwelling Rents		(17,379)
(678)	Non-Dwelling Rents		(707)
(224)	Charges for Services and Facilities		(226)
(582)	Contributions Towards Expenditure		(584)
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(18,109)	TOTAL INCOME		(18,896)
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	EXPENDITURE		
3,135	Repairs and Maintenance		3,198
4,395	Supervision and Management		4,404
27	Rents, Rates, Taxes and Other Charges	6	22
146	Increased Provision for Bad Debts		113
4,472	Sums Directed by the Secretary of State	10	5,105
3,631	Depreciation and Impairment of Fixed Assets		3,711
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15,806	TOTAL EXPENDITURE		16,553
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(2,303)	Net Cost Of HRA Services per Authority Income and Expenditure Account		(2,343)
69	HRA services share of Corporate and Democratic Core		70
-	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services		-
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(2,234)	Net Cost of HRA Services		(2,273)
492	Gain or Loss on sale of HRA fixed assets		460
-	Interest payable and similar charges		-
-	Pensions Interest Cost		-
-	Expected Return on Pensions Assets	11	9
735	Amortised Premiums and Discounts		679
(449)	Interest and Investment Income		(555)
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(1,456)	(Surplus) / Deficit for the year on HRA services		(1,680)
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STATEMENT OF MOVEMENT ON THE HRA BALANCE

Actual 2005/06 £'000		Notes	Actual 2006/07 £'000
(1,456)	(Surplus) / Deficit for the year on the HRA Income and Expenditure Account		(1,680)
186	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	12	104
(1,270)	(Increase) or decrease in the Housing Revenue Account Balance		(1,576)
(1,202)	Housing Revenue Account surplus brought forward		(2,472)
(2,472)	Housing Revenue Account surplus carried forward		(4,048)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Explanation of prior period adjustments

In the 2006/07 Statement of Accounts, the Council has adopted three significant new accounting policies that impact on the comparative figures for 2005/06 in the Income and Expenditure Account:

- Capital financing charges for the use of fixed assets are no longer made to service revenue accounts and support services
- Credits for government grants deferred are now posted to service revenue accounts and support services rather than credited as a corporate income item
- Gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Account

These changes have had the following impact on the comparative figures for 2005/06 compared with those published in the 2005/06 Statement of Accounts:

	Actual 2005/06 £'000	Notional Interest 2005/06 £'000	Other Changes 2005/06 £'000	Restated Actual 2005/06 £'000
INCOME				
Dwelling Rents	(16,625)	-	-	(16,625)
Non-Dwelling Rents	(678)	-	-	(678)
Charges for Services and Facilities	(224)	-	-	(224)
Contributions Towards Expenditure	(550)	-	-	(550)
Transfers from General Fund - items shared by the whole Community	(32)	-	-	(32)
TOTAL INCOME	(18,109)	-	-	(18,109)
EXPENDITURE				
Contribution to Housing Repairs Account	3,135	-	-	3,135
Supervision and Management	4,464	-	(69)	4,395
Rents, Rates, Taxes and Other Charges	27	-	-	27
Increased Provision for Bad Debts	146	-	-	146
Sums Directed by the Secretary of State	4,472	-	-	4,472
Cost of Capital Charge	11,131	(11,131)	-	-
Depreciation and Impairment of Fixed Assets	4,044	-	(413)	3,631
Amortisation of Intangible Assets	85	-	(85)	-
TOTAL EXPENDITURE	27,504	(11,131)	(567)	15,806
Net Cost Of HRA Services per Authority Income and Expenditure Account	9,395	(11,131)	(567)	(2,303)
HRA services share of Corporate and Democratic Core	-	-	69	69
HRA share of other amounts included in whole authority Net Cost of services but not allocated to specific services	-	-	-	-
Net Cost of HRA Services	9,395	(11,131)	(498)	(2,234)
HRA income from Asset Management Revenue Account				
Notional Interest	(11,131)	11,131	-	-
Depreciation	(413)	-	413	-
Deferred Charges	(85)	-	85	-
(Gain) or loss on sale of HRA fixed assets	-	-	492	492
Interest payable and similar charges	-	-	-	-
Amortisation of premiums and other discounts	735	-	-	735
Interest and Investment Income	(449)	-	-	(449)
Pensions interest cost and expected return on pensions assets	-	-	-	-
(Surplus) or deficit for the year on HRA services	(1,948)	-	492	(1,456)

NOTES TO THE HOUSING REVENUE ACCOUNT

2. Housing Stock

The Council was responsible for managing the following Council dwellings included in the Housing Revenue Account.

	31 March 2007 Nos.	31 March 2006 Nos.
Houses	2,530	2,554
Flats	2,445	2,453
Bungalows	670	670
	<u>5,645</u>	<u>5,677</u>

The change in housing stock can be summarised as follows:

	2006/07 Nos.	2005/06 Nos.
Stock at 1 April	5,677	5,713
Purchases	-	-
Sales	(32)	(36)
Conversions	-	-
Other Disposals	-	-
Change of Use	-	-
	<u>5,645</u>	<u>5,677</u>

3. Housing Revenue Account Fixed Assets

The total Housing Revenue Account fixed assets can be analysed as follows:

	1 April 2006 £'000	31 March 2007 £'000
Operational Assets:		
- Dwellings	315,391	312,600
- Other Properties	6,203	5,683
- Land	250	250
Non-Operational Assets	-	-
Total Balance Sheet Items	<u>321,844</u>	<u>318,533</u>

4. Valuation of Dwellings

The 'vacant possession' value of dwellings represents the open market value of the housing stock, whilst the balance sheet value represents the reduced valuation owing to the stock being used for social housing. The difference between the two valuations (a reduction of 51% on the market valuations) is the 'Economic Cost' to the Government of providing council housing at less than open market rents.

	1 April 2006 £'000	1 April 2005 £'000
Vacant Possession Value of Dwellings	641,580	637,077
Balance Sheet Value of Dwellings	315,301	312,168
Economic Cost to Government	<u>326,279</u>	<u>324,909</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

It should be noted that the above values are based on revaluations at 1st April and, therefore, are not comparable with the values shown in the Balance Sheet on page 16. The figures above exclude leased dwellings.

5. Summary of Capital Expenditure

	2006/07 £'000	2005/06 £'000
Internal Borrowing	-	-
Prudential Borrowing	-	-
Usable Capital Receipts	48	70
Revenue and Other Contributions	888	699
Major Repairs Reserve	3,383	3,915
TOTAL CAPITAL EXPENDITURE	4,319	4,684

6. Intangible Assets

During 2006/07 the Housing Revenue Account incurred capital expenditure amounting to £22,801 on Intangible Assets which is capital expenditure incurred by the Council on non-physical assets. Of this, £401 was spent on Assisted Elderly Persons Transfer Scheme Payments enabling elderly people to move to more suitable accommodation freeing up larger housing stock for families. A further £22,400 was spent on the new Housing Management System Software. In the latter case there is no definite life over which to amortise the cost so together with the expenditure on Assisted Elderly Persons Transfer Scheme the entire cost was amortised to revenue in 2006/07.

7. Summary of Capital Receipts

	2006/07 £'000	2005/06 £'000
Sale of Council Houses	2,808	2,567
Sale of Land	97	31
Repayment of Discount	61	69
Housing Advances Repaid	3	1
Sale of Council Houses Advances Repaid	18	34
Repayment of Grants	15	12
TOTAL CAPITAL RECEIPTS	3,002	2,714

8. Depreciation of Fixed Assets

The total charge for depreciation for property within the Housing Revenue Account is:

	2006/07 £'000	2005/06 £'000
Operational Assets (Dwellings, Other Land, Buildings)	4,136	4,044
Non-Operational Assets	-	-
TOTAL DEPRECIATION	4,136	4,044

A full valuation of the stock has to be undertaken every 5 years and the latest one was carried out during 2006/07. This has resulted in a higher valuation of the stock and a consequent increase in the level of depreciation.

NOTES TO THE HOUSING REVENUE ACCOUNT

9. Bad or Doubtful Debts

Net rent arrears amounted to £1,034,843 at 31 March 2007 (£900,322 at 31 March 2006). They consist of current rent arrears, long term rent arrears and prepayments. During 2006/07, the current rent arrears (dwellings and garages) decreased from £621,505 to £617,725. As a proportion of net rent collectable (gross rent net of housing benefit payments), it decreased from 7.38% to 6.71%. Total arrears increased from £786,071 to £764,398 proportionally, a rise from 9.33% to 9.39%. The aggregate provision for uncollectable debts is £604,620 as at the 31 March 2007.

10. Sums Directed by the Secretary of State to be Debited to the Housing Revenue Account

Subsidy is calculated using a "model" of an authority's Housing Revenue Account. Figures used in the model are based on annual assumptions made by the Government on rents to be charged, expenditure on management and maintenance, "notional" (not actual) costs of loan charges and various other items of income and expenditure. Any "surplus" which is produced is debited to the Housing Revenue Account and paid to the Government as a contribution to the National Housing Rent Pool as "sums Directed by the Secretary of State". In 2006/07, the contribution payable was £5.105m (£4.411m in 2005/06). Following the transfer of Housing Rent Rebates from the Housing Revenue Account to the General Fund in 2004/05 tapering transitional arrangements over two years were put in place to help mitigate the burden on the General Fund of any overpayments or errors which were no longer met by housing subsidy. A final year transfer of £61,575 was made to the General Fund in 2005/06.

The calculation is as follows:

	2006/07 £'000	2005/06 £'000
CREDITS:		
Rents	17,710	16,424
Other Income	8	9
TOTAL CREDITS	17,718	16,433
DEBITS		
Management and Maintenance	7,536	7,041
Major Repairs Allowance	3,437	3,438
Loan Charges	1,349	1,491
Other Allowances	291	52
Balance to National Housing Pool	5,105	4,411
TOTAL DEBITS	17,718	16,433

11. H.R.A. – Accounting for Pensions under FRS17

The 2006 Statement of Recommended Practice (S.O.R.P.) requires that retirement benefits within the H.R.A. be accounted for in a similar way to that shown within the Income and Expenditure Account shown on page 13. In June 2004 advice was issued by CIPFA giving guidance on the accounting entries required for the 2003/04 accounts and stating that guidance for the 2004/05 accounts would be issued in good time to enable the 2004/05 Statement of Accounts to reflect the S.O.R.P. requirements, to date this guidance has not been received. Therefore, it has been necessary to use the 2003/04 guidance which, due to the lack of consensus on the treatment of pensions within the H.R.A., gave several alternative accounting treatments and left it to each authority to decide how to account for FRS 17 within the HRA. It was this Council's view, pending receipt of the new guidance, that as the entries on the Housing Revenue Account are defined by statute it was not possible to show the FRS 17 based cost components due to inconsistency with legislative requirements. As further guidance now seems unlikely it has been decided to account for FRS17 within the HRA on the same basis as for the General Fund.

The following transactions have been made in the H.R.A. Income and Expenditure Account and Statement of Movement in the H.R.A. Balance during the year:

NOTES TO THE HOUSING REVENUE ACCOUNT

	2006/07 £'000	2005/06 £'000
Income and Expenditure Account		
Net Cost of Services:		
- current service cost	223	-
Net Operating Expenditure:		
- interest cost	279	-
- expected return on assets in the scheme	(270)	-
Net Charge to the Income and Expenditure Account	<u>232</u>	<u>-</u>
Statement of Movement in the Housing Revenue Account Balance		
Reversal of net charges made for retirement benefits in Accordance with FRS17	(232)	-
Effect on Housing Rents	<u>-</u>	<u>-</u>
Actual amount charged against the Housing Revenue Account		
Balance for pensions in the year:		
- employer's contributions payable to scheme	172	-

12. Note of Reconciling items for the Statement of Movement on the HRA Balance

2005/06 £'000		2006/07 £'000
	Amounts included in the HRA Income and Expenditure Account but required by statute to be excluded when determining the Movement on the HRA Balance for the year	
-	Difference between amounts charged to Income and Expenditure for amortisation of premiums and the charge for the year determined in accordance with statute	-
(492)	Gain or loss on the sale of HRA fixed assets	(460)
-	Net loss on sale of fixed assets	
-	Net charges made for retirement benefits in accordance with FRS 17	(232)
<u>(492)</u>		<u>(692)</u>
	Amounts not included in the HRA Income and Expenditure Account but required to be included by statute when determining the Movement on the HRA Balance for the year	
(192)	Transfer to / (from) Major Repairs Reserve	(274)
900	Transfer to / (from) Housing Repairs Account	900
(30)	Net transfer to or from earmarked reserves	(2)
-	Capital Expenditure funded by the HRA	-
-	Employer's contributions payable to Warwickshire County Council Pension Fund and retirement benefits payable direct to pensioners	172
<u>678</u>		<u>796</u>
<u>186</u>	Net additional amount required to be debited to the HRA balance for the year	<u>104</u>

HOUSING REPAIRS ACCOUNT

This account is used to keep a separate record of income and expenditure relating to the repair and maintenance of the authority's dwellings. The balance on this account cannot fall into debit, though credit balances can be carried forward in order to fund future years' capital and revenue expenditure.

Actual 2005/6 £'000		Notes	Actual 2006/07 £'000
	INCOME		
(4,035)	Contribution from Housing Revenue Account		(4,098)
(1)	Service Charges		(3)
(4,036)	TOTAL INCOME		(4,101)
	EXPENDITURE		
1,297	Major Works Programme		1,366
1,852	Routine Maintenance		1,820
696	Revenue Contribution to Capital Outlay	1	888
3,845	TOTAL EXPENDITURE		4,074
(191)	Net (Surplus) / Deficit to Balances		(27)
(4,056)	Balance Brought Forward		(4,247)
(4,247)	Balance carried forward	2	(4,274)

1. Revenue Contribution to Capital Outlay

The Housing Repairs Account normally makes a contribution to support the Housing capital programme and in 2006/07 this was £0.9m, compared to £0.7m in 2005/06.

2. Balance on Account

The balance on the account has increased to £4.3m which will be used to accommodate slippage in the 2006/07 programme and future housing repair needs.

HOUSING MAJOR REPAIRS RESERVE

Under the Resource Accounting regime there is a statutory requirement to keep a Major Repairs Reserve Account. The account holds an amount equivalent to the Major Repairs Allowance received as part of the subsidy payment. This allowance is approximately equivalent to the annual depreciation of the HRA dwelling stock. If the actual calculation for depreciation is different to this 'proxy', then appropriate adjustments, (to or from the HRA), are made via this account.

Actual 2005/06 £'000		Notes	Actual 2006/07 £'000
INCOME			
(3,439)	MRA Subsidy		(3,436)
(372)	Depreciation on Non-Dwelling Assets		(425)
(192)	Dwellings Depreciation Adjustment		(274)
<u>(4,003)</u>	TOTAL INCOME		<u>(4,135)</u>
EXPENDITURE			
3,915	MRA Contribution to Capital Expenditure	1	3,383
372	Non-Dwelling Assets Depreciation Adjustment	2	425
192	Dwellings Assets Depreciation Adjustment	3	274
<u>4,479</u>	TOTAL EXPENDITURE		<u>4,082</u>
476	Net (Surplus) / Deficit to Balances		(53)
(3,584)	Balance Brought Forward		(3,108)
<u>(3,108)</u>	Balance carried forward	4	<u>(3,161)</u>

1. MRA Contribution to Capital Expenditure

This is a contribution towards capital repairs, in order to maintain the housing stock in its current condition.

2. Depreciation on Non-Dwelling Assets

Under Housing Resource Accounting it is intended that the depreciation charged on non-dwelling assets (shops, community centres, offices and garages) should be a real charge on the H.R.A. However, the Department for Communities and Local Government has agreed that this should not be brought into effect at present so relevant adjustments are made through this reserve in order to ensure that, currently, there is a nil impact on the rent payer.

3. Dwellings Depreciation Adjustment

This reflects the difference between the MRA Subsidy and the actual calculation for depreciation. Adjustments are made via the Reserve to ensure there is a nil impact to the rent payer because of this difference.

4. Balance on Account

The balance on the account, at the end of March 2007 is £3.2m which can be used for capital expenditure in future years to help maintain the condition of the stock and increase the life of the property and number of tenancy years occupation. Under the new Housing Capital Finance regime it can also be used to repay the principal of loans incurred as part of the Council's Prudential Borrowing Strategy. It cannot, however, be used to pay for debt servicing costs i.e. repayment of interest due.

COLLECTION FUND

Actual 2005/06 £'000		Notes	Actual 2006/07 £'000	Actual 2006/07 £'000
INCOME				
(55,949)	Income from Council Tax (net of benefits)			(59,016)
Transfers from General Fund:				
(5,906)	- Council Tax Benefits			(6,344)
(50,505)	Income Collectable from Business Ratepayers			(52,531)
Contributions towards earlier years' Collection Fund Deficit:				
(572)	- Warwickshire County Council		(610)	
(79)	- Warwickshire Police Authority		(85)	
(80)	- Warwick District Council		(88)	(783)
<u>(113,091)</u>	TOTAL INCOME			<u>(118,674)</u>
EXPENDITURE				
Precepts and Demands:				
48,408	- Warwickshire County Council	4	51,101	
6,756	- Warwickshire Police Authority	4	7,127	
6,944	- Warwick District Council	4	<u>7,381</u>	65,609
Business Rates:				
50,287	- Payment to National Pool		52,315	
218	- Warwick District Council		<u>216</u>	52,531
Bad Debts and Appeals re Council Tax				
90	Write-offs		149	
26	Provision for Bad Debts and Appeals re Council Tax		<u>18</u>	167
<u>112,729</u>	TOTAL EXPENDITURE			<u>118,307</u>
<u>(362)</u>	Net (Surplus) / Deficit for Year			<u>(367)</u>
BALANCES				
(1,000)	Balance 1 April			(638)
362	Surplus / (Deficit) for Year			367
<u>(638)</u>	Balance 31 March	5		<u>(271)</u>

NOTES TO THE COLLECTION FUND

1. General

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund. The account is consolidated within the Council's accounts.

2. Council Tax

The Council's tax base is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings. It was calculated as follows:

Band	Estimated Number of Taxable Properties	Ratio	Band D Equivalent Dwellings
@	11.50	5 / 9	6.39
A	3,530.50	6 / 9	2,353.67
B	8,624.00	7 / 9	6,707.56
C	13,393.75	8 / 9	11,905.56
D	10,408.50	9 / 9	10,408.50
E	5,752.00	11 / 9	7,030.22
F	4,385.25	13 / 9	6,334.25
G	3,430.25	15 / 9	5,717.08
H	352.00	18 / 9	704.00
	49,887.75		51,167.23

Adjustment for new properties, collection rates, changes during the year for successful appeals against valuation banding, demolitions, disabled persons relief and exempt properties

124.31

COUNCIL TAX BASE 2006/07

51,291.54

On the basis of an average Band D Council Tax rate throughout the Warwick District Council area of £1,279.14 the original estimated Council Tax income, including Council Tax Benefit, was £65.6m compared with the actual income credited to the Fund of £65.2m which is made up as follows:

	£'000
Council Tax (net of benefits, transitional relief, bad debts and write-offs)	58,849
Council Tax Benefits	6,344
INCOME FROM COUNCIL TAX 2006/07	65,193

3. Income from Business Ratepayers

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate of 43.3p. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR Pool) managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of resident population.

The total rateable value of properties in the Warwick District area was £145,704,421 at 31 March 2007.

NOTES TO THE COLLECTION FUND

4. Names of Significant Preceptors on the Collection Fund

The following authorities made significant demand on the Collection Fund during 2006/07:

Warwickshire County Council	£51,100,631.59
Warwick District Council	£7,381,358.71
Warwickshire Police Authority	£7,127,201.58

5. Accounting for the Collection Fund Balance

At Warwick District Council, the opening balance for the Collection Fund for 2006/07 was £638,000 deficit. At the end of the year, the assumptions about collection rates had reduced this to £271,000. On the basis that surpluses and deficits are shared with Warwickshire County Council and Warwickshire Police Authority (pro-rata to their respective precepts: 77.9% WCC; 10.9% WPA and 11.2% WDC), the Council accounted for the Collection Fund balance in its 2006/07 Statement of Accounts as follows:

- In the Balance Sheet at 31 March 2007, the Council included the £271,000 deficit on a disaggregated basis as a debtor of Warwickshire County Council and Warwickshire Police Authority (to the values of £211,100 and £29,500, respectively) and a £30,400 attributable deficit on the Collection Fund balance alongside the General Fund Balance.
- In the Statement of Total Recognised Gains and Losses, the Council inserted a new line for attributable movement on the Collection Fund balance to record a £41,100 gain $\{(\text{£638,000 loss} - \text{£271,000 loss}) \times 11.2\% = (\text{£367,000} \times 11.2\%)$.