

## HRA INCOME AND EXPENDITURE ACCOUNT

Actual 2006/07 £'000	Notes	Actual 2007/08 £'000
<b>INCOME</b>		
(17,379)	Dwelling Rents	(18,452)
(707)	Non-Dwelling Rents	(737)
(226)	Charges for Services and Facilities	(360)
(584)	Contributions Towards Expenditure	(512)
<hr/>		<hr/>
(18,896)	<b>TOTAL INCOME</b>	(20,061)
<b>EXPENDITURE</b>		
3,198	Repairs and Maintenance	3,367
4,404	Supervision and Management	4,502
22	Rents, Rates, Taxes and Other Charges	42
113	Increased Provision for Bad Debts	199
5,105	Negative Housing Revenue Account Subsidy Payable	5,340
3,711	Depreciation and Impairment of Fixed Assets	3,970
<hr/>		<hr/>
16,553	<b>TOTAL EXPENDITURE</b>	17,420
<b>Net Cost Of HRA Services per Authority Income and Expenditure Account</b>		
(2,343)		(2,641)
70	HRA services share of Corporate and Democratic Core	72
-	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services	-
<hr/>		<hr/>
(2,273)	<b>Net Cost of HRA Services</b>	(2,569)
460	Gain or Loss on sale of HRA fixed assets	5
-	Interest payable and similar charges	-
9	Pensions Interest Cost	11
679	Expected Return on Pensions Assets	638
(555)	Amortised Premiums and Discounts	(782)
<hr/>		<hr/>
(1,680)	<b>(Surplus) / Deficit for the year on HRA services</b>	(2,697)
<hr/> <hr/>		<hr/> <hr/>

## STATEMENT OF MOVEMENT ON THE HRA BALANCE

Actual 2006/07 £'000	Notes	Actual 2007/08 £'000
(1,680)	(Surplus) / Deficit for the year on the HRA Income and Expenditure Account	(2,697)
104	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	611
(1,576)	<b>(Increase) or decrease in the Housing Revenue Account Balance</b>	<b>(2,086)</b>
(2,472)	Housing Revenue Account surplus brought forward	(4,048)
(4,048)	Housing Revenue Account surplus carried forward	(6,134)

# NOTES TO THE HOUSING REVENUE ACCOUNT

## 1. Housing Stock

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

	<b>31 March 2008 Nos.</b>	<b>31 March 2007 Nos.</b>
Houses	2,516	2,530
Flats	2,437	2,445
Bungalows	670	670
	<u>5,623</u>	<u>5,645</u>

The change in housing stock can be summarised as follows:

	<b>2007/08 Nos.</b>	<b>2006/07 Nos.</b>
Stock at 1 April	5,645	5,677
Purchases	1	-
Sales	(23)	(32)
Conversions	-	-
Other Disposals	-	-
Change of Use	-	-
	<u>5,623</u>	<u>5,645</u>

## 2. Housing Revenue Account Fixed Assets

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

	<b>1 April 2007 £'000</b>	<b>31 March 2008 £'000</b>
Operational Assets:		
- Dwellings	312,600	330,876
- Other Properties	5,683	5,840
- Land	250	250
Non-Operational Assets	-	-
<b>Total Balance Sheet Items</b>	<u>318,533</u>	<u>336,966</u>

## 3. 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.

	<b>1 April 2007 £'000</b>	<b>1 April 2006 £'000</b>
Vacant Possession Value of Dwellings	678,619	641,580
Balance Sheet Value of Dwellings	333,423	315,301
<b>Economic Cost to Government</b>	<u>345,196</u>	<u>326,279</u>

## NOTES TO THE HOUSING REVENUE ACCOUNT

It should be noted that the above values are based on revaluations at 1<sup>st</sup> April and, therefore, are not comparable with the values shown in the Balance Sheet on page 18. The figures above exclude leased dwellings.

### 4. Summary of Capital Expenditure

	2007/08 £'000	2006/07 £'000
Government Grant	6	-
Internal Borrowing	-	-
Prudential Borrowing	-	-
Usable Capital Receipts	247	48
Revenue and Other Contributions	1,328	888
Major Repairs Reserve	2,407	3,383
<b>TOTAL CAPITAL EXPENDITURE</b>	<b><u>3,988</u></b>	<b><u>4,319</u></b>

### 5. Intangible Assets

During 2007/08 the Housing Revenue Account incurred capital expenditure amounting to £58,051 on Intangible Assets which is capital expenditure incurred by the Council on non-physical assets. Of this, £1,475 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 £56,576 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 2007/08.

### 6. Summary of Capital Receipts

	2007/08 £'000	2006/07 £'000
Sale of Council Houses	2,129	2,808
Sale of Land	222	97
Repayment of Discount	43	61
Housing Advances Repaid	-	3
Sale of Council Houses Advances Repaid	28	18
Repayment of Grants	-	15
<b>TOTAL CAPITAL RECEIPTS</b>	<b><u>2,422</u></b>	<b><u>3,002</u></b>

### 7. Depreciation of Fixed Assets

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

	2007/08 £'000	2006/07 £'000
Operational Assets (Dwellings, Other Land, Buildings)	4,461	4,136
Non-Operational Assets	-	-
<b>TOTAL DEPRECIATION</b>	<b><u>4,461</u></b>	<b><u>4,136</u></b>

A full valuation of the stock has to be undertaken every 5 years and the latest one was carried out during 2006/07.

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 8. Bad or Doubtful Debts

Net rent arrears amounted to £1,204,252 at 31 March 2008 (£1,034,873 at 31 March 2007). They consist of current rent arrears, long term rent arrears and prepayments. During 2007/08, the current rent arrears (dwellings and garages) increased from £617,725 to £689,438. As a proportion of net rent collectable (gross rent net of housing benefit payments), it increased from 6.71% to 7.46%. Total arrears increased from £864,398 to £973,164 proportionally, a rise from 9.39% to 10.52%. The aggregate provision for uncollectable debts is £723,120 as at the 31 March 2008.

### 9. 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 2007/08, the contribution payable was £5.490m (£5.105m in 2006/07). The audited final subsidy claim for 2006/07 was adjusted for changes in interest rates resulting in a reduced payment £150,000 to the National Housing Rent Pool. This reduced the Negative Housing Revenue Account Subsidy Payable figure in the Income and Expenditure Account by £150,000 to £5.340m

The calculation is as follows:

	2007/08 £'000	2006/07 £'000
<b><u>CREDITS:</u></b>		
Rents	18,887	17,710
Other Income	6	8
<b>TOTAL CREDITS</b>	<b>18,893</b>	<b>17,718</b>
<b><u>DEBITS</u></b>		
Management and Maintenance	7,621	7,536
Major Repairs Allowance	3,502	3,437
Loan Charges	1,574	1,349
Other Allowances	706	291
Balance to National Housing Pool	5,490	5,105
<b>TOTAL DEBITS</b>	<b>18,893</b>	<b>17,718</b>

### 10. H.R.A. – Accounting for Pensions under FRS17

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

	2007/08 £'000	2006/07 £'000
<b>Income and Expenditure Account</b>		
Net Cost of Services:		
- current service cost	233	223
Net Operating Expenditure:		
- interest cost	290	279
- expected return on assets in the scheme	(279)	(270)
<b>Net Charge to the Income and Expenditure Account</b>	<b>244</b>	<b>232</b>
<b>Statement of Movement in the Housing Revenue Account Balance</b>		
Reversal of net charges made for retirement benefits in Accordance with FRS17	(244)	(232)
<b>Effect on Housing Rents</b>	<b>-</b>	<b>-</b>
Actual amount charged against the Housing Revenue Account		
Balance for pensions in the year:		
- employer's contributions payable to scheme	176	172

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

2006/07 £'000		2007/08 £'000
	<b>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</b>	
-	Difference between amounts charged to Income and Expenditure for amortisation of premiums and the charge for the year determined in accordance with statute	-
(460)	Gain or loss on the sale of HRA fixed assets	(5)
-	Net loss on sale of fixed assets	
(232)	Net charges made for retirement benefits in accordance with FRS 17	(244)
<u>(692)</u>		<u>(249)</u>
	<b>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</b>	
(274)	Transfer to / (from) Major Repairs Reserve	(468)
900	Transfer to / (from) Housing Repairs Account	946
(2)	Net transfer to or from earmarked reserves	206
-	Capital Expenditure funded by the HRA	-
172	Employer's contributions payable to Warwickshire County Council Pension Fund and retirement benefits payable direct to pensioners	176
<u>796</u>		<u>860</u>
<u>104</u>	<b>Net additional amount required to be debited to the HRA balance for the year</b>	<u>611</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 2006/07 £'000		Notes	Actual 2007/08 £'000
	<b>INCOME</b>		
(4,098)	Contribution from Housing Revenue Account		(4,312)
(3)	Service Charges		(4)
(4,101)	<b>TOTAL INCOME</b>		<b>(4,316)</b>
	<b>EXPENDITURE</b>		
1,366	Major Works Programme		1,518
1,820	Routine Maintenance		1,932
888	Revenue Contribution to Capital Outlay	1	1,328
4,074	<b>TOTAL EXPENDITURE</b>		<b>4,778</b>
(27)	<b>Net (Surplus) / Deficit to Balances</b>		<b>462</b>
(4,247)	Balance Brought Forward		(4,274)
(4,274)	<b>Balance carried forward</b>	2	<b>(3,812)</b>

### 1. Revenue Contribution to Capital Outlay

The Housing Repairs Account normally makes a contribution to support the Housing capital programme and in 2007/08 this was £0.9m (£0.9m in 2006/07).

### 2. Balance on Account

The balance on the account has decreased to £3.8m due to increased expenditure in all areas, but significantly the gas and electricity contracts within the Major Works Programme and additional contributions towards capital works funded by this account.

## 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 2006/07 £'000		Notes	Actual 2007/08 £'000
	<b>INCOME</b>		
(3,436)	MRA Subsidy		(3,503)
(425)	Depreciation on Non-Dwelling Assets		(490)
(274)	Dwellings Depreciation Adjustment		(468)
<u>(4,135)</u>	<b>TOTAL INCOME</b>		<u>(4,461)</u>
	<b>EXPENDITURE</b>		
3,383	MRA Contribution to Capital Expenditure	1	2,407
425	Non-Dwelling Assets Depreciation Adjustment	2	490
274	Dwellings Assets Depreciation Adjustment	3	468
<u>4,082</u>	<b>TOTAL EXPENDITURE</b>		<u>3,365</u>
(53)	<b>Net (Surplus) / Deficit to Balances</b>		(1,096)
(3,108)	Balance Brought Forward		(3,161)
<u>(3,161)</u>	<b>Balance carried forward</b>	4	<u>(4,257)</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 2008 is £4.3m 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 2006/07 £'000		Notes	Actual 2007/08 £'000	Actual 2007/08 £'000
<b>INCOME</b>				
(59,016)	Income from Council Tax (net of benefits)			(62,654)
Transfers from General Fund:				
(6,344)	- Council Tax Benefits			(6,604)
(52,531)	Income Collectable from Business Ratepayers			(53,871)
Contributions towards earlier years' Collection Fund Deficit:				
(610)	- Warwickshire County Council		(319)	
(85)	- Warwickshire Police Authority		(44)	
(88)	- Warwick District Council		(46)	(409)
<u>(118,674)</u>	<b>TOTAL INCOME</b>			<u>(123,538)</u>
<b>EXPENDITURE</b>				
Precepts and Demands:				
51,101	- Warwickshire County Council	4	53,914	
7,127	- Warwickshire Police Authority	4	7,526	
7,381	- Warwick District Council	4	<u>7,792</u>	69,232
Business Rates:				
52,315	- Payment to National Pool		53,657	
216	- Warwick District Council		<u>214</u>	53,871
Bad Debts and Appeals re Council Tax				
149	Write-offs		182	
18	Provision for Bad Debts and Appeals re Council Tax		<u>38</u>	220
<u>118,307</u>	<b>TOTAL EXPENDITURE</b>			<u>123,323</u>
<u>(367)</u>	<b>Net (Surplus) / Deficit for Year</b>			<u>(215)</u>
<b>BALANCES</b>				
638	Balance 1 April			271
(367)	(Surplus) / Deficit for Year			(215)
<u>271</u>	<b>Balance 31 March</b>	5		<u>56</u>
<b>TREATMENT OF COLLECTION FUND IN BALANCE SHEET:</b>				
<u>Sundry Debtors:</u>				
211	Warwickshire County Council			44
30	Warwickshire Police Authority			6
<u>Financing Items:</u>				
30	Collection Fund balance attributable to WDC			6
<u>271</u>				<u>56</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
@	9.54	5 / 9	5.30
A	3,517.85	6 / 9	2,345.23
B	8,829.51	7 / 9	6,867.40
C	13,602.54	8 / 9	12,091.15
D	10,568.10	9 / 9	10,568.10
E	5,842.55	11 / 9	7,140.90
F	4,412.58	13 / 9	6,373.72
G	3,449.66	15 / 9	5,749.44
H	349.90	18 / 9	699.80
	<u>50,582.24</u>		<u>51,841.04</u>

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

(259.21)

#### COUNCIL TAX BASE 2007/08

51,581.83

On the basis of an average Band D Council Tax rate throughout the Warwick District Council area of £1,342.17 the original estimated Council Tax income, including Council Tax Benefit, was £69.2m compared with the actual income credited to the Fund of £69.0m which is made up as follows:

	£'000
Council Tax (net of benefits, transitional relief, bad debts and write-offs)	62,434
Council Tax Benefits	6,604
<b>INCOME FROM COUNCIL TAX 2007/08</b>	<u><u>69,038</u></u>

### 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 44.4p. 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 £144,832,558 at 31 March 2008.

## 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 2007/08:

Warwickshire County Council	£53,914,005.43
Warwick District Council	£7,792,075.00
Warwickshire Police Authority	£7,525,687.43

### 5. Accounting for the Collection Fund Balance

At Warwick District Council, the opening balance for the Collection Fund for 2007/08 was £270,904 deficit. At the end of the year, the assumptions about collection rates had reduced this to £55,753. 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 2007/08 Statement of Accounts as follows:

- In the Balance Sheet at 31 March 2008, the Council included the £55,753 deficit on a disaggregated basis as a debtor of Warwickshire County Council and Warwickshire Police Authority (to the values of £43,415 and £6,060, respectively) and a £6,278 attributable deficit on the Collection Fund balance alongside the General Fund Balance.
- In the Statement of Total Recognised Gains and Losses, the attributable movement on the Collection Fund balance records a £24,000 gain (£30,000 deficit balance 2006/07 movement to £6,000 deficit balance 2007/08 = £24,000 gain for the year).

# THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

Statement of Accounts Approved at Council Meeting 25 June 2008

*J. A. Falp*

Chair of the Council  
Councillor Mrs Judith Falp

## The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the C.I.P.F.A./L.A.S.A.A.C. Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this statement of accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Chief Financial Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify, that to the best of my knowledge and belief, the Statement of Accounts presents fairly the financial position of Warwick District Council at 31 March 2008 and its income and expenditure in the year ended 31 March 2008.

*Mary Hawkins*

Mary Hawkins C.P.F.A. BSc (Econ)  
Strategic Director and Chief Financial Officer  
Warwick District Council  
P.O. Box 1720  
Riverside House  
Milverton Hill  
Royal Leamington Spa  
Warwickshire  
CV32 5RL

*Mary Hawkins*  
11 Feb 09.