

SUPPLEMENTARY
FINANCIAL
STATEMENTS

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement records the transactions relating to the provision and maintenance of council housing. The account has to be self-financing and there is a legal prohibition on subsidy to or from council tax.

		Notes	2011/12 £000	2010/11 £000
Expenditure				
	Repairs and Maintenance		11,879	15,535
	Supervision and management		20,748	22,569
	Exceptional Item - Pension deficit transfer from Ealing Homes		17,412	-
	Rent, rates, taxes and other charges		119	90
	Depreciation and impairment of non-current assets	7	(40,152)	330,908
	Debt Management Costs		35	31
	Movement in the allowance for bad debts	3	442	542
	Revenue expenditure funded from capital under statute	8	2,623	10,801
	Total Expenditure		13,106	380,476
Income				
	Dwelling rents		(57,439)	(54,557)
	Non-dwelling rents		(1,312)	(996)
	Charges for services and facilities		(4,959)	(4,782)
	Contributions towards expenditure		(2,570)	(1,376)
	Housing Revenue Account subsidy receivable (including MRA)	10	(5,385)	(4,929)
	Total Income		(71,665)	(66,640)
	Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement		(58,559)	313,836
	HRA services' share of Corporate and Democratic Core		412	412
	HRA share of other amounts included in the whole authority Cost of services but not allocated to specific services		556	89
	Net Cost of HRA Services		(57,591)	314,337
	(Gain) or loss on disposal of HRA fixed assets		(1,086)	6,570
	Interest payable and similar charges	11	73,189	15,648
	Interest and investment income		(553)	(434)
	Pension Interest cost and expected return on pension assets		401	64
	Capital grants and contributions receivable		-	(2,593)
	Capital Grants and Contributions - HRA Subsidy Settlement Payment	11	(258,732)	
	(Surplus) or deficit for the year on HRA services		(244,372)	333,592

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

Movement on the HRA Statement

	2011/12 £000	2010/11 £000
Balance on the HRA at the end of the previous year	6,986	6,936
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	244,372	(333,592)
Adjustments between accounting basis and funding basis under statute	(236,422)	333,702
Net increase or decrease before transfers to or from reserves	7,950	110
Transfers to or from reserves	(6,861)	(60)
Increase or decrease in year on the HRA	1,089	50
		-
Balance on the HRA at the end of the current year	8,075	6,986

Adjustments between accounting basis and funding basis under statute

	2011/12 £000	2010/11 £000
Charges for depreciation and impairment of non current assets		
Depreciation charged to HRA services below the Major Repairs Allowance element of housing subsidy, Net of Non-Dwelling Depreciation	(504)	1,283
Revaluation losses on Dwellings and Other Land and Buildings	(51,377)	318,415
Capital grants and contributions credited to the HRA Income and Expenditure Statement	-	(2,593)
HRA Subsidy - Capital Grants Contributions Determination Settlement ; Charges for Early Redemption of Debt	(203,039)	
Application of grants to capital financing transferred to the Capital Adjustment Account		
Revenue expenditure funded from capital under statute	2,623	10,801
Net gain or loss on sale of non-current assets	(1,086)	6,570
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	(445)	(843)
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	18,369	153
Employer's pensions contributions and direct payments to pensioners payable in the year	(967)	(83)
Amount by which officer remuneration charged to the HRA Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4	(1)
Total Adjustments	(236,422)	333,702

NOTES TO THE HOUSING REVENUE ACCOUNT

1 Stock Analysis

	2011/12	2010/11
Flats	10,078	10,047
Houses	2,891	2,862
Temporary Accommodation	114	114
Shared Ownership	6	7
Long Leases	19	19
	13,108	13,049

2 Stock Valuation at Net Book Value

	31 March 2012 £000	31 March 2011 £000
Council Dwellings		
Dwellings - vacant possession value	2,475,756	2,456,285
Less: reduction to reflect Social Housing use	(1,846,630)	(1,842,213)
Dwellings - equivalent Social Housing value	629,126	614,072
Other Land & Buildings		
Garages	32,150	32,060
Shops	4,889	4,765
Land & Buildings	3,782	3,565
Total	669,947	654,462
Vehicles, Plant, Furniture and Equipment	258	437
Assets Under Construction	1,442	6,010
TOTAL	671,647	660,909

The vacant possession value of dwellings within the HRA as 31st March 2012 is £2,476M. The difference between the vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost to government of providing council housing at less than market rents.

3 Rent & Service Charge Arrears and Provision for Bad or Doubtful Debts

a Rent Arrears

	2011/12 £000	2010/11 £000
Tenants:		
Dwellings	3,751	3,983
Temporary Accommodation (net)	612	676
Long Leases (net)	33	63
Total	4,397	4,722
Leaseholders:		
Service Charge - Capital	2,989	2,521
Service Charge - Revenue	389	209
Total	3,378	2,730

3 Rent & Service Charge Arrears and Provision for Bad or Doubtful Debts (continued)

b Provision for Bad or Doubtful Debts

Tenants:

Provision at 1 April
Write-offs in year
Increase in provision
Provision at 31 March

2011/12 £000	2010/11 £000
3,395	3,809
(624)	(956)
442	542
3,213	3,395
345	345
(345)	
0	345

Leaseholders

Provision at 1 April
Write-offs in year
Provision at 31 March

4. Major Repairs Reserve (MRR)

Balance at 1 April
Depreciation charges for all dwellings
Capital projects funded from the MRR
Balance at 31 March

2011/12 £000	2010/11 £000
31,072	39,948
11,729	11,210
(13,733)	(20,086)
29,068	31,072

5 Capital expenditure and funding

Dwellings
Other Properties
Total
Funded by:
Borrowing
Credit Arrangements
Capital Receipts
Revenue contributions
Major Repairs Reserve
Leaseholder's Income
Capital Grants

2011/12 £000	2010/11 £000
19,228	70,166
270	240
19,498	70,406
2,732	39,891
	-
674	6
	-
13,464	20,086
	2,300
2,628	8,123
19,498	70,406

6 Capital Receipts

Land
Council Dwellings
Other Receipts
Total

2011/12 £000	2010/11 £000
251	328
1,621	1,273
71	103
1,943	1,704

Local authorities are required to contribute to the Housing Capital Receipt Pool a proportion of receipts generated from the disposal of HRA assets. In 2011/12 £20k (£27k in 2010/11) of receipts was paid into the pool.

7 Depreciation and Impairment Charge

Depreciation Charges

Council Dwellings	
Other Land & Buildings	
TOTAL	

2011/12 £000	2010/11 £000
9,821	11,568
1,404	925
11,225	12,493
(51,377)	318,415

Impairment Charges / Revaluation Losses/(Gains)

Dwellings and Other Land and Buildings	
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This reflects gains on HRA dwellings arising from an accounting adjustment to the annual value. Further details are given in note 18.1 to the main financial statements.

8 Revenue Expenditure Funded from Capital under Statute

Dwellings	
Other Properties	

2011/12 £000	2010/11 £000
-	-
2,623	10,801
2,623	10,801

This represents expenditure that may be capitalised under statutory provisions but does not result in creation of tangible assets. It reflects major external capital works on properties not owned by the council, and grants to assist house purchases in the open market and written out in year.

9 Contribution to the Pensions Reserve

Employer's Contribution to the Pension Fund	
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2011/12 £000	2010/11 £000
967	83
967	83

10 HRA Subsidy

Management and Maintenance	
Charges for capital	
Adjustments	
Notional Rents	
Interest on receipts	
Housing Element Subsidy	
Major Repairs Allowance	
Total HRA subsidy for the year	

2011/12 £000	2010/11 £000
30,236	28,390
20,728	19,277
(114)	458
(57,186)	(54,394)
(8)	(12)
(6,344)	(6,281)
11,729	11,210
5,385	4,929

11 Capital Grants Contributions

HRA Debt Settlement - Self-financing determinations
Capital receipt
Settlement payment

2011/12 £000	2010/11 £000
203,039	0
55,693	0
258,732	0

This is to recognise payment from the Secretary of State of a capital receipt in accordance with the requirements of the Localism Act 2011. This has been immediately applied to the repayment of HRA debt. The recognition of the grant on the face of the HRA has no impact on the bottom line as this is reversed out via the statement of movement on the HRA .

Interest Payable and Similar Charges

Interest Payable and Similar Charges
Charges Incurred on the redemption of HRA Debt

2011/12 £000	2010/11 £000
17,496	15,648
55,693	
73,189	15,648

Total

The charge of £55,693k was incurred by the authority on the redemption of HRA debt by the Secretary of State. This is a non-cash transaction and there is no impact on the HRA bottom line.

COLLECTION FUND ACCOUNT

These accounts represent the transactions of the Collection Fund which is a statutory fund established for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2012

	2011/12 £000	2010/11 £000
INCOME		
Income from Council Tax Payers (note 1)	133,655	132,743
Council Tax Benefits	32,269	31,972
Income collectable from business ratepayers	129,309	108,527
Income collectable in respect of Business Rate Supplement	4,234	4,268
	299,467	277,510
EXPENDITURE		
Precepts and Demands		
- Ealing Council	125,973	124,049
- Greater London Authority	36,823	36,260
Contribution towards previous year's estimated surplus		
- Ealing Council	3,500	3,018
- GLA	1,025	882
Impairment of debts/appeals		
- Write offs	3,418	1,559
- Allowance for impairment	(1,495)	355
Business Rates		
Payment to the national pool (note 3)	128,816	108,021
Cost of collection	493	506
Business Rate Supplements		
Payment to levying authority (GLA) (note 4)	4,206	4,243
Administrative costs	28	25
	302,787	278,918
Fund surplus brought forward	5,859	7,267
Surplus/(Deficit) for year	(3,320)	(1,408)
Fund surplus at 31 March	2,539	5,859
Analysis of Surplus :		
Ealing Council	1,968	4,534
Greater London Authority	571	1,325
	2,539	5,859

NOTES TO THE COLLECTION FUND ACCOUNT

1. Income from Council Tax

Council Tax Income:- 121,134 * £1,369.75
 Less Council Tax Benefits
 Due from Taxpayers

2011/12 £000	2010/11 £000
165,924	164,715
(32,269)	(31,972)
133,655	132,743

2. Council Tax

The Council Tax is a banded capital value based property tax with a 25% discount for single adult households. For the 2011/12 estimate, 127,421 domestic properties provided a tax base equivalent to 121,138 band D properties after adjustments for discounts and exemptions.

Band	Estimated No. of properties after discounts & exemptions	Ratio	Equivalent No. of band D properties at 31 March 2012
A	2,679	6/9	1,786
B	10,889	7/9	8,469
C	26,666	8/9	23,703
D	38,295	9/9	38,295
E	19,912	11/9	24,337
F	8,740	13/9	12,624
G	6,155	15/9	10,258
H	833	18/9	1,666
Total	114,169		121,138
	Adjustment for actual collection rate		-3
	Council Tax base for 2011/12		121,135

3. Income from NNDR

The council collects non-domestic rates which are based on local rateable values multiplied by a national rate of 43.3 pence, 42.6 pence for business with a rateable value less than £25,500 (41.4 and 40.7 pence respectively in 2010/2011). The local rateable value at 31 March 2012 was £352m (£350m at 31 March 2011). The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by central government so there will be no impact on the finances of the council as a result of this change. The calculation of the amount due to the pool is set out below :-

	2011/12 £000	2010/11 £000
Non-domestic charges raised	151,538	130,144
Add / (deduct) allowances and other adjustments:		
Transitional Relief	(666)	(1,505)
Empty and Void Relief	(7,706)	(7,893)
Charitable and Other Relief	(9,681)	(7,785)
Provision for uncollectable amounts	(4,125)	(4,152)
Cost of collection and interest	(544)	(788)
Deferred Instalments		
Contribution to NNDR national pool	128,816	108,021

The amount due from Business Ratepayers and hence due to the pool includes £330k that is now payable in 2010/11 and 2011/12. This is due to the granting of a deferral under schedule 1B of the NDR (Collection and Enforcement) (Local Lists) Regulations 1989 as inserted by the Non-Domestic Rating (Deferred Payments) (England) Regulations 2009 (SI 1597).

4. Business Rate Supplements (BRS)

The GLA raised a levy under the Business Rates Supplements Act 2009 for the 2011/12 financial year to finance its contribution to the Crossrail project.