1. What is the Housing Revenue Account (HRA)?

The Housing Revenue Account (HRA) is intended to **record expenditure and income on running a council's own housing stock** and closely related services or facilities, which are provided primarily for the benefit of the council's own tenants.

The main features of the HRA are:

• it is a landlord account, recording expenditure and income arising from the provision of housing accommodation by local housing authorities (under the powers and duties conferred on them in Part II of the Housing Act 1985 and certain provisions of earlier legislation);

• it is **not a separate fund but a ring-fenced account** of certain defined transactions, relating to local authority housing, within the General Fund;

• the main items of expenditure included in the account are management and maintenance (M&M) costs, major repairs, loan charges, and depreciation costs;

• the main sources of income are from tenants in the form of rents and service charges;

• the HRA should be based on accruals in accordance with proper accounting practices, rather than cash accounting.

2. Which Local Authorities are required to hold an HRA?

Any Local Housing Authority that **owns 200 or more dwellings** are required to account for them within their HRA.

"Local housing authority" means a district council, a London borough council, the Common Council of the City of London, a **metropolitan borough council**, a unitary council, or the Council of the Isles of Scilly.

County Councils, where they are part of a two-tier system, parish councils and town councils are not local housing authorities.

3. The requirements of an HRA, (Very) brief legislative context.

Legislative features are:

• Ring-fenced account within the General Fund;

• Credits and Debits are prescribed by statute;

• No general discretion to breach the ring-fence;

• Cannot budget for a deficit;

• All borrowing within the HRA is in line with the CIPFA Prudential Code.

Source Ministry of Housing, Communities & Local Government
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/783997/HRA_Flowchart.pdf