

The draft Housing Revenue Account (Accounting Practices) Directions 2015

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Our ref: Responses/160127/SS/AS

Bryan Lea
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Dear Bryan

The draft Housing Revenue Account (Accounting Practices) Directions 2015

CIPFA is pleased to present its comments on the matters included in the draft Housing Revenue Account (Accounting Practices) Directions 2015 (the HRA Directions).

General Comments

CIPFA would note that the HRA Directions request the same information as the 2011 Directions apart from the ones that are no longer relevant.

CIPFA would also note that the HRA Directions no longer include the specification that the proper practices to be followed are the practices set out in the *Guidance for Valuers on Stock Valuation for Resource Accounting 2010* (Stock Valuation Guidance).

Firstly, we would comment that having deleted this reference, we recommend that there should be a general introductory paragraph confirming that the information presented in these disclosures must be estimated in accordance with proper practices. Alternatively we suggest that sub paragraphs 5 (1), (2)(a) and (5) refer to proper practices in a similar manner to the other sub paragraphs that do refer to proper practices. We would anticipate that the proper practices in question would principally be the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

Secondly, although we support prescription which allows authorities to follow proper accounting practices and in the past CIPFA has raised detailed issues on the specifications of the Stock Valuation Guidance, we do have an underlying concern regarding its total removal from the HRA Directions.

CIPFA has previously highlighted to DCLG colleagues that this could give rise to unintended consequences and issues of consistency and comparability if the guidance is no longer available to local authority accounts preparers. We suggest perhaps that the HRA Directions or other communications with local government accounts preparers could refer to the Stock Valuation Guidance as recommended or non-statutory guidance on how to meet the detailed requirements for measuring council dwellings at EUV-SH. We would be happy to provide you with our comments again on the detailed specifications of the Stock Valuation Guidance which we consider need to be corrected.

As a minor point CIPFA wonders why under paragraph (4) (iv) reference to "(i.e. the debit under Item 2 of Part II of Schedule 4 to the Local Government and Housing Act 1989)" has been removed. As a statutory account we consider it is useful to remind accounts preparers of the legislative sources for HRA capital finance expenditure.

CIPFA agrees with the changes made to the classifications in paragraph 5 (5) ie the removal of the requirement to disclose depreciation for investment properties and assets held for sale as these assets do not depreciate.

If you have any questions about this response, please contact Sarah Sheen (e:sarah.sheen@cipfa.org, t: 02920 621 430).

I hope this helps DCLG in the production of the HRA Directions.

Yours sincerely

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